



Front cover: Orbost Gas Plant, East Gippsland, Victoria, Australia. Cooper Energy holds a 50% interest in the plant which is connected to the Eastern Gas Pipeline and positioned to be a hub for onshore processing of gas from offshore Gippsland Basin gas fields, including the company's Sole and Manta fields. Minor modifications are proposed to the plant as part of the Sole Gas Project, which is currently being prepared for final investment decision. *Inside and back cover:* Process flow diagrams for the Orbost Gas Plant.

Reporting Period, Terms and Abbreviations

Annual Report

This document has been prepared to provide shareholders with an overview of Cooper Energy Limited's performance for the 2016 financial year and its outlook. The Annual Report is mailed to shareholders who elect to receive a copy and is available free of charge on request (see Shareholder Information printed in this Report).

The Annual Report and other information about the company can be accessed via the Company's website at www.cooperenergy.com.au

Notice of Meeting

The 2016 Annual General Meeting of Cooper Energy Limited ABN 93 096 170 295 (Company) will be held at 10.30 am (ACDT) on Thursday, 10 November 2016 in the PwC Building, Level 11, 70 Franklin Street, Adelaide, South Australia.

A formal Notice of Meeting has been mailed to shareholders. Additional copies can be obtained from the Company's registered office or downloaded from its website at www.cooperenergy.com.au

Abbreviations and terms

This Report uses terms and abbreviations relevant to the company's accounts and the petroleum industry.

The terms "the company" and "Cooper Energy" and "the Group" are used in this report to refer to Cooper Energy Limited and/or its subsidiaries. The terms "2016", "FY16" or "2016 financial year" refer to the 12 months ended 30 June 2016 unless otherwise stated. References to "2015", "FY15" or other years refer to the 12 months ended 30 June of that year.

Other abbreviations

- bbl: barrels of oil
- boe: barrels of oil equivalent
- bopd: barrels of oil per day
- \$: Australian dollars
- FEED: Front End Engineering & Design
- FID: Final Investment Decision
- FTE: Full Time Equivalent
- GJ: gigajoules
- JOA: Joint Operating Agreement
- km: kilometres
- LNG: liquified natural gas
- LTI: loss time injury
- m: metres
- SCF: standard cubic feet
- PJ: petajoules
- 1C: Low estimate contingent resources
- 2C: Best estimate contingent resources
- 3C: High estimate contingent resources
- 1P: Proved reserves
- 2P: Proved & probable reserves
- 3P: Proved, probable & possible reserves
- MMbbl: million barrels of oil
- MMboe: million barrels of oil equivalent
- SCF: standard cubic feet
- TRCFR: total recordable case frequency rate

Reserves and resources

Cooper Energy reports its reserves and resources according to the SPE (Society of Petroleum Engineers) Petroleum Resources Management System guidelines (PRMS).

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.

In PRMS, the range of uncertainty is characterised by three specific scenarios reflecting low, best and high case outcomes from the project. The terminology is different depending on which class is appropriate for the project, but the underlying principle is the same regardless of the level of maturity. In summary, if the project satisfies all the criteria for Reserves, the low, best and high estimates are designated as proved (1P), proved plus probable (2P) and proved plus probable plus possible (3P), respectively. The equivalent terms for contingent resources are 1C, 2C and 3C.

Rounding

Numbers in this report have been rounded. As a result, some figures may differ insignificantly due to rounding and totals reported may differ insignificantly from arithmetic addition of the rounded numbers.

NOTES:

1. REFER TO THE REVENUE PFD ATTACHING.
2. DASHED EQUIPMENT REFERS TO EXISTING EQUIPMENT.
3. 3M FUEL GAS STORAGE ASSUMED.
4. THIS PFD APPLIES FOR DESIGN CASE (OR HINGSTON AND NORMAN CASE (20 HINGSTON) FOR END OF FIELD LIFE LOW PRESSURE (2) HINGSTON) OR PFD TO PFD WITH 15-18.
5. AUTOMATIC FUEL GAS SUPPLY.

Our business is finding, developing and commercialising oil and gas.

We do this with care and strive to provide attractive returns for our shareholders and good commercial outcomes for our customers.

Key features:

- cash generating oil production from the western flank of the Cooper Basin
- gas resources that are well positioned, and being prepared for, supply to eastern Australian customers
- a management team and board with proven success in exploration, gas commercialisation and building resource companies.

Key figures:

For the year ended 30 June 2016

Production:	465,000 barrels of oil
Average production cost:	A\$29.71 per barrel
Net (debt)/cash and investments:	\$50.8 million
2P Reserves:	3.0 million barrels of oil
2C Contingent Resources*:	64.3 million boe
Shares on issue:	435.2 million

*Contingent resources reported above supersede that reported to the ASX on 15 August 2016 (including the Operating and Financial Review of that date which is included in this report) due to revisions to reflect 100% ownership of the BMG gas and liquids resource and downward revisions to Tunisian contingent resources following confirmation of withdrawal from the Hammamet permit.

The year in brief

Key themes

Operating soundly and with care in a low oil price environment

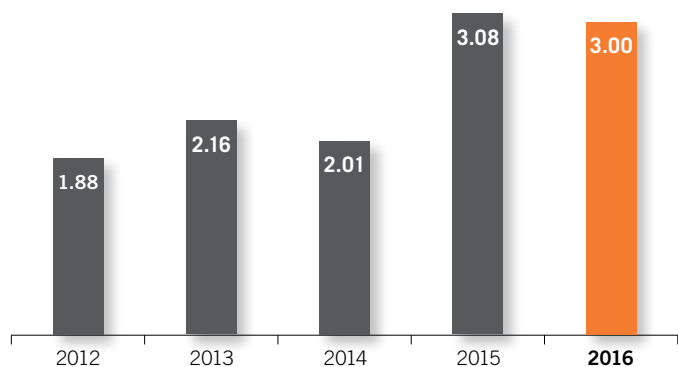
- Direct operating cash cost of A\$29.71/bbl, average price A\$60.75/bbl
- General and administration costs reduced 9%
- Drilling curtailed to preserve cash
- 963,000 hours worked with zero lost time injuries or recordable cases
- 380 hours worked for charitable causes under Cooper Energy's Making a Difference program

Gas projects moving forward

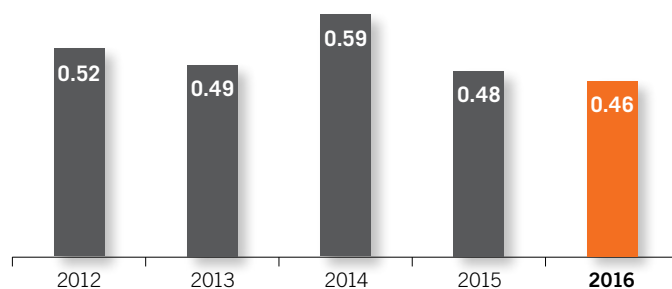
- Heads of Agreement secured for foundation gas sales from Sole Gas Project
- Front End Engineering & Design of Sole Gas Project
- Upgrades to Contingent and Prospective Resources for Sole and Manta

Concentration of our portfolio consistent with strategy

- Sale of Indonesian exploration assets
- Divestment process for Indonesian production assets
- Staged withdrawal from Tunisia



Proved & probable (2P) reserves
million barrels of oil at 30 June



Production
million barrels

Key results

Financial

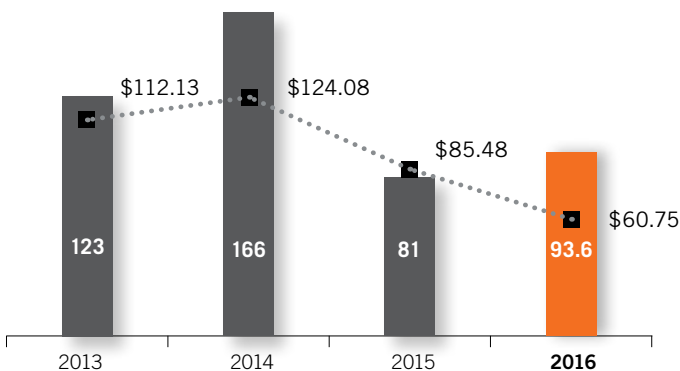
- Revenue of \$27.4 million, down from \$39.1 million on lower oil prices
- Significant non-operating items of \$(32.0) million
- Statutory net loss after tax of \$34.8 million compared with FY15 loss after tax of \$63.5 million
- Underlying net loss after tax of \$2.8 million, compared with FY15 underlying loss after tax of \$1.3 million
- Cash flow from operating activities of \$7.9 million, up from \$2.0 million
- Cash and investments of \$50.8 million, up from \$41.3 million

Operations: Production, reserves, resources and exploration

- Zero recordable incidents. Zero lost time injuries
- Production of 465,000 barrels of oil, down from 475,000 barrels
- 1 well drilled; the successful Bunian-4
- Proved and probable (2P) reserves of 3.0 million barrels, down from 3.1 million barrels
- Contingent resources (2C) of 64.3 million boe

Portfolio management and corporate development

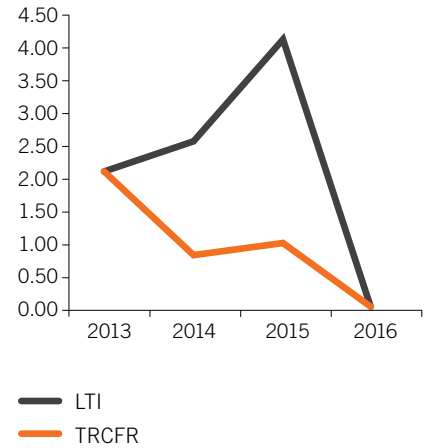
- Indonesian exploration assets sold for proceeds of \$12 million
- Retention lease secured for BMG gas and liquids resource, Gippsland Basin



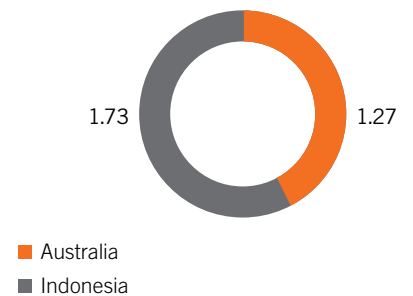
Market capitalisation and oil price as at 30 June

■ Market capitalisation \$million
 ●●● Oil price A\$/bbl

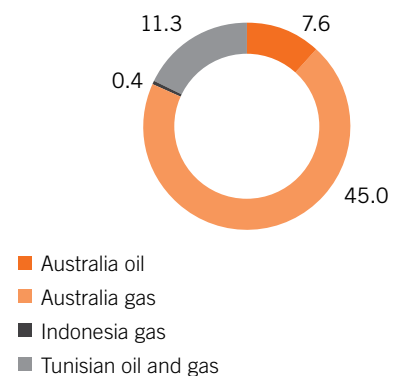
Safety: lost time injuries and recordable cases rate per million hours worked



Proved & Probable Reserves (2P) MMbbl as at 30 June 2016



Contingent Resources (2C) MMboe as at 30 June 2016



Chairman's Report

John Conde AO



This is the fourth annual report since I joined the board of your company. The theme of the preceding three reports has been the company's efforts to implement its strategy; moving to a focus on Australia and in particular its plans for a gas business supplying south eastern Australia.

I am pleased to note that, while the previous three reports outlined plans and progress, this year we report outcomes and milestones completed.

The tasks completed during the year are fast giving a commercial reality to the company's plans to develop its Gippsland Basin gas resources. Heads of Agreement for gas sales were secured. Detailed project design and construction schedules were finalised. Project costing was itemised and determined.

The work completed is germane to your company's future activities and returns; addressing critical questions such as when and how the company will generate revenue from gas, agreed prices and pricing formulae for its gas, the customers involved, the investments required, safety and environmental requirements and the most suitable financing structures, costs and obligations.

The coming months are expected to see an acceleration of activity as this information is incorporated into a final investment proposal for the first phase of our Gippsland Basin gas projects, the Sole gas field, for decision by your board. Commitment to the project will represent the most significant decision by the company since it elected to focus its initial efforts on the western flank of the Cooper Basin.

Given this significance, it is noteworthy that the projections underpinning the company's gas strategy are, as the Managing Director notes in his report, proving accurate with respect to the gas prices and flows in south eastern Australia.

Gas supply in the region is becoming increasingly tight and the company's initiative has given it 'early-mover advantage' in securing resources and having gas to market at a time when gas available for sale has appreciating value. Your board is resolved shareholders get the best leverage from the position the company has secured whilst being prudent in managing risk.

While the gas strategy has occupied much of the year's efforts and planning, the company retained focus on day-to-day performance and improvement.

The 2016 financial results, a statutory loss of \$34.8 million and an underlying loss of \$2.8 million, reflect the impact of low oil prices on asset values and revenue generation.

Behind these results, the company increased cash generation, reduced costs and excelled in safety management.

The improvement in safety is particularly pleasing as the company's management and staff recorded a year free of lost time injuries and recordable incidents.

Shareholders may recall my comments in the previous report noting that the company had increased its investment in the management and reporting of safety. Results suggest the investment has been effective, although safety tools and systems are ultimately only as effective as the diligence applied by the people involved, and I commend staff for their efforts in this respect.

Balance sheet strength has been a longstanding feature of Cooper Energy. The decision to conduct an institutional placement and share purchase plan during 2016 has enabled the company to conclude the year with increased cash resources and a stronger position as it prepares for financing the Sole Gas Project. The success of the placement was assisted by participation from a number of new institutional shareholders, and I would like to record our appreciation of all who participated.

The work of the previous four years has brought Cooper Energy to the 'cross-roads' in its strategy; that point where it departs from operations no longer required and makes the commitment to the ventures on which it will build its future.

Indonesia has been a success story for the company in terms of the reserves and production that have been added. Further uplift in production is considered possible through the implementation of a development plan to remove capacity constraints.



Oil tanks, Callawonga, Cooper Basin

However, the company is resolved that capital be concentrated on the cash and growth generating opportunities within the ambit of its Australian focussed strategy.

Accordingly, divestment of the Indonesian production assets is ongoing and this, combined with the staged withdrawal from Tunisia, is expected to focus the portfolio entirely on Australia. Achievement of this would be the first time in twelve years that Cooper Energy's portfolio consists solely of Australian assets.

Formal financial commitment to the Sole Gas Project, anticipated this calendar year, will set the company on the path of developing and

delivering the new venture forecast to multiply production and reserves several times current levels.

Your board believes the company is ready for this commitment, capable of delivery and that it is reasonable to expect the work done will be reflected by a significant improvement in shareholder value as the project matures.

On behalf of all shareholders, I would like to thank my fellow directors and all employees for their service and contribution to the company.

John Conde AO
Chairman

Managing Director's Report

David Maxwell



As an annual report, this document is necessarily focussed on the results and position for the 12 months to 30 June.

These results show year-on-year progress and improvement in most aspects of your company not exposed to oil prices. Safety performance, cash balances and costs all recorded outcomes superior to the preceding year.

However, our plans for value creation extend beyond the short term. We are now five years into our plan to transform the company through building a gas business to supply opportunities foreseen emerging in eastern Australia from 2017.

The first four years of strategy implementation saw your company dedicate itself to acquiring a deep understanding of the Australian domestic gas market and identifying, then securing, the acreage and

resources considered the most competitive supply for south eastern Australia.

Onshore, we secured acreage, and conducted exploration, in the Otway Basin which identified deep conventional gas-bearing reservoirs. Offshore, we acquired interests in undeveloped resources in the Gippsland Basin, the largest and most competitive source of gas supply to south eastern Australia as well as in the strategically located Orbost Gas Plant.

The past year has seen the company take the first phase of its Gippsland gas projects, the Sole Gas Project, to the verge of an investment decision.

An affirmative Final Investment Decision for Sole represents a company-changing event through its impact on reserves, capital management and expenditure. It will set in motion the investment expected to generate a five-fold lift in production and complete the reorientation from oil producer and explorer to an energy company generating the large majority of its income from stable, long term gas contracts. We are planning to make this decision in the December quarter.

Market developments have continued to unfold consistent with our expectations, with the tightening of gas supply created by additional demand from Queensland LNG production, and a range of other factors, already evident in south eastern Australian gas pricing.

The average Victorian wholesale gas price for the months of June and July 2016 was, respectively, 125% and 145% higher than their previous year comparative. Volatility has increased, with the wholesale price ranging between \$5.40/GJ and \$44.85/GJ in this period. The anticipated tightening of gas supply for south eastern Australia is now forecast to emerge earlier,

and be more significant, than previously expected. In this context, the Sole Gas Project is well placed and well timed.

Your company is now positioned to develop a new greenfield offshore gas project to supply eastern Australia at a time when gas supply to this market has never been more valuable.

Care

Cooper Energy has two key requirements for all of its activities and plans: that they deliver acceptable shareholder return and that they be performed with due care for the people, environments and communities who may be affected. A report on the sustainability related elements for our operations is provided on page 21 of this report.

I am pleased to report that your company completed the year with zero recordable safety and environmental incidents and zero lost time injuries. This result has been achieved against the backdrop of uncertainty and cost challenges faced by the industry generally.

A zero injury – zero incident performance is, of course, the minimum level of safety management that should be acceptable. It is, nonetheless, a commendable improvement on the previous year which featured one lost time injury and a number of recordable incidents.

The improvement has been recorded following the investment in continual improvement systems and culture foreshadowed in last year's annual report and through the day-in and day-out diligence by management and staff to a safe workplace.

We are mindful that maintaining a zero injury – zero incident standard will require safe operations, every day, in every workplace, by every employee and contractor.

Financial results

A detailed analysis and discussion of the financial results for the year is provided in the Operating and Financial Review which commences on page 28.

In broad terms, the financial results reflect the impact of lower oil prices on operating results and of impairments to discontinued operations and exploration and evaluation assets. The four key features of the financial performance were:

- 1) A statutory loss after tax of \$34.8 million, recorded after significant items of \$(32.0) million, which largely relate to assets sold in Indonesia or those subject to sales or withdrawal processes in Indonesia and Tunisia. In comparison, the company recorded a statutory loss of \$63.5 million in the previous year.
- 2) An underlying or operating loss (ie exclusive of significant items) of \$2.8 million, which compares with the previous year's underlying loss of \$1.3 million after tax. The movement compared with the previous year is attributable to the oil prices in 2016 which were, on average, 30% lower than the previous year. It is noteworthy that the company's oil operations were profitable at the underlying level, with the underlying loss being incurred as a result of the additional expenditure made in building its gas business. As discussed below, the company mitigated the impact of the lower oil price through a combination of hedging and cost management measures.
- 3) Cash generation of \$7.9 million from operating activities. Cooper Energy's production assets are low cost, and were cash-generating at the low prices experienced during the year, with a direct operating cost of A\$29.71/bbl.

4) A stronger balance sheet, with cash and investments of \$50.8 million, 23% higher than at the beginning of the year. The improvement can be attributed to the company's successful capital raising during the year, which raised net proceeds of \$21.2 million. The company is appreciative and mindful of the support shown by shareholders and new investors in enabling this outcome. Financial assets are supplemented by a reserves based lending facility of up to \$40 million available, as outlined in note 7 of the financial report.

Costs and cash management

The decline in oil prices that began in the previous year gained new momentum in early 2016, presenting the oil and gas industry with its most challenging business conditions for several years. Your company has managed the impact of the downturn through a combination of measures designed to protect cash and to reset expenditure, whilst still maintaining the resources necessary to progress our transformational growth projects.

Zero-cost hedging was implemented to mitigate the downside in oil prices without punitive costs. Hedge gains delivered revenue of \$2.5 million during the year.

Capital expenditure was curtailed, with the exception of the Gippsland Basin gas projects, which accounted for 70% of the year's total incurred capital expenditure of \$31.6 million. Capital expenditure in other regions for 2016 was \$9.4 million, 53% lower than the previous year's comparative. While this rationing of capital has impacted Cooper Basin production levels, it has meant the company has been able to concentrate its cash resources on its most significant near term growth opportunity and retain balance sheet strength.

General and administration cash costs were reduced by 9% compared with

the previous year, an outcome for which the personal contribution of all employees and directors is acknowledged. Reduced head count and a company-wide effort to identify and deliver cost savings contributed to a lower expenditure run rate. Employees, directors and contractors contributed personally, through initiatives such as reduced working hours by staff and the decision by management and directors to offer a 10% reduction to their salary.

Portfolio management

Portfolio management is an ongoing discipline to ensure the company is favourably exposed, and directing its resources, to those opportunities expected to provide the best risk-weighted return to shareholders.

2016 saw a step change in the company's portfolio management consistent with the maturation of its strategy. Recent years have seen the company engaged in the acquisition of acreage and assets to execute its gas strategy. With the foundation assets having been secured at Sole, Basker, Manta Gummy (BMG) and Orbest, the emphasis of our portfolio management in 2016 shifted to rationalisation for better focus on our growth opportunities.

This has meant withdrawal from Indonesia, with the exploration assets having been divested and a sale process for the production assets ongoing.

Withdrawal from Tunisia is expected to be completed in the current year with the fulfilment of the amended work program and term expiry for the Bargou joint venture, the company's only remaining permit in the country.

The expected completion of withdrawal from Tunisia and Indonesia will mark another milestone in the company's strategy execution as its portfolio will, as intended, be concentrated entirely on Australia.

Managing Director's Report

David Maxwell

In doing so, the company has exited higher risk international exploration plays in Poland, Romania, Tunisia and Indonesia over the past 4 years and concentrated its efforts on lower risk oil and gas assets advantageously placed for low cost production and access to market and which can offer satisfactory returns for shareholders.

These criteria will be applied in our ongoing portfolio management efforts, with a focus on gas and oil assets with a foreseeable pathway to commercialisation within the medium term.

Reserves, exploration and development

A review of operations and report on reserves and resources by the Executive Director – Exploration and Production, Hector Gordon commences on page 10. Proved and Probable reserves as at 30 June were 3.0 million boe. Of this figure, 1.3 million boe are located in the Cooper Basin of Australia with the balance being the subject of the Indonesian divestment initiative.

There are three aspects of the company's technical work during the year I want to highlight.

1) Drilling activity levels

The curtailment of capital expenditure outside the Gippsland Basin meant that field exploration and development activity was low. For the first year in its history, the company did not participate in any drilling in Australia. The company participated in a single well for the year, the successful Bunian-4 appraisal/development well in Indonesia.

The suspension of in-field drilling activities has reduced available production in the near term, but capital has been preserved and technical analysis maintained. The company is ready for the resumption of drilling in the Cooper Basin in FY17 with a number of exploration, appraisal and development targets.

2) Cooper Basin oil reserves and potential

While the company did not conduct drilling in the Cooper Basin during the year, technical analysis was sustained with the results including the addition of reserves and identification of potential for further exploration.

For some time, oil production from a number of producing wells in the Cooper Basin has exceeded expectations, suggesting the presence of greater reserves than previously assessed.

Exploration studies including seismic reprocessing, depth analysis and remapping led to upgrades for original oil in place and/or reserves potential. The resultant 0.2 million barrel upgrade to the company's share of Cooper Basin proved and probable oil reserves was sufficient to offset most of the 0.3 million barrel depletion from production during the year, and year-end 2P reserves were 92% of the opening balance.

3) Increased gas resources, the potential for reserves uplift and exploration

The Gippsland Basin gas fields were the principal focus of technical work during the year. Analysis conducted resulted in upwards revisions to contingent resources estimates for the Sole and Manta fields.

The company's contingent resources (2C) of gas in its Gippsland Basin gas projects are assessed to be 262 PJ, of which 121 PJ relates to the Sole gas field. An affirmative final investment decision (FID) for the Sole project will establish the economic viability of the field and the inclusion of these resources as proved and probable reserves equivalent to 20 million boe, roughly fifteen times the company's current Australian reserves.

In addition, the potential for the existence of sizeable additional Gippsland Basin gas accumulations has been identified in proven

hydrocarbon-bearing structures in the Manta gas field and adjacent Chimaera prospect. The analysis has, as discussed on page 15, resulted in a substantial uplift to the prospective resources assessed for the licence which have added a new dimension to the appraisal and possible development of the Manta gas field.

Gippsland Basin gas projects

The company's gas strategy entails the development of its gas resources in the Gippsland Basin offshore Victoria for sale into long and short term supply opportunities from 2019 onwards. Our plans for these resources feature a two-phase development: the first phase being the Sole Gas Project, with commercialisation of the less mature Manta field being the second phase.

Sole Gas Project

The Sole gas field is the subject of a fully costed development proposal that is in the final stages of preparation for submission for FID. Cooper Energy has a 50% interest in Sole and Santos Ltd holds the remaining 50% and is the Operator.

Front End Engineering and Design of the project was finalised subsequent to year end, defining a project with an estimated capital cost of \$552 million.

Sales of gas from Sole could commence from January 2019, subject to an affirmative FID.

The company has secured foundation sales agreements for the project, having contracted a total of 7.6 PJ pa from its 12.5 PJ pa equity share of Sole output through Heads of Agreement with AGL Limited and O-I Australia. It is intended that the balance of the company's gas will either be contracted at the appropriate time or reserved for spot sales with a view to maximising shareholder value.

A detailed financing plan to support FID has been prepared with the assistance of external advisors. The quantum and quality of the project's cash flows are such that the majority of the company's share of development costs are expected to be funded through debt funding.

The balance of the funding requirement, including determination of the most appropriate equity levels, will be determined prior to FID according to the optimisation of shareholder return and project risk.

Manta gas and liquids field

In July 2015 the company announced that a sound business opportunity had been identified for the commercialisation of the Manta gas field. The field, which is assessed to contain contingent resources (2C) of 106 PJ of gas and 2.6 million barrels of liquids, is located in proximity to the Sole gas field and Orbost Gas Plant that affords significant valuable synergies from coordinated development and operation.

Manta is considered a longer dated supply option with conceptual plans being for production of approximately 24 PJ pa of gas with associated liquids from 2021.

The prospect of supply from Manta has already attracted interest from gas buyers, including AGL Limited who has an option entitlement of up to 4 PJ pa from the field.

The rigorous process of defining and costing the Sole project has been instructive for potential development costs for the Manta project, indicating the potential for considerable savings against the estimates envisaged in the business case.

Cooper Energy is Operator and has a 100% interest in the VIC/RL13, VIC/RL14 and VIC/RL15 permits which include the Basker, Manta and Gummy gas and liquids resources. Commercialisation of Manta will require the drilling of an appraisal well.

It is expected that commitment to the Sole project development will provide a catalyst for the introduction of a new partner for the Manta project.

Concluding comments

In many ways, the 2017 financial year marks the point when the various strategy elements pursued over the previous four years converge, and the company emerges with a distinctly different form and outlook.

Fulfilment of the plans I have outlined in this report, including an affirmative final investment decision for the Sole Gas Project, will see Cooper Energy in the coming months:

- with an acreage portfolio consisting entirely of Australian assets;
- change from an exposure biased to gas rather than oil;
- with substantially increased proved and probable reserves; and
- with significant changes to its balance sheet as funding and capital is managed to support the funding of the Sole project.

In particular, an affirmative decision to develop Sole will initiate a two year project construction period to realise substantial long term revenue flows and establish Cooper Energy as one of the very few Australian listed companies offering exposure to the south eastern Australian gas market.

The company is resolved to deliver this long term vision, and that it be delivered in a form which offers due rewards for its shareholders and with the necessary care.

We are mindful of the need for excellence in near term performance. The reduced Cooper Basin drilling activity in 2016 and natural decline means that our production from this region is expected to be significantly lower at 240,000 barrels to 280,000 barrels of oil in 2017.

This trend in production is regarded as transitional prior to the development of the Gippsland Basin gas projects. Nevertheless, cash and costs will be managed tightly for alignment with current revenue whilst maintaining the expenditure necessary for efficient delivery of our growth projects and the technical contribution that has underwritten our successes in the Gippsland, Otway and Cooper basins.

I look forward to reporting further on our progress over the course of the year.



David Maxwell
Managing Director

Reserves & Resources

Reserves

Cooper Energy's 2P reserves at 30 June 2016 are assessed to be 3.00 million barrels of oil (MMbbl). This is a decrease of 0.08 MMbbl from 30 June 2015. The key factors in the revision are reserves upgrades from subsurface studies in the PEL 92 Joint Venture producing fields in the Cooper Basin, success at the Bunian-4 development well in the Tangai-Sukananti KSO, Indonesia and production of 0.46 million barrels of oil.

Petroleum Reserves at 30 June 2016 (MMbbl)

Category	Proved (1P)			Proved & Probable (2P)			Proved, Probable & Possible (3P)		
	Australia	Indonesia	Total	Australia	Indonesia	Total	Australia	Indonesia	Total
Developed	0.62	0.50	1.12	0.98	0.93	1.91	1.70	1.39	3.08
Undeveloped	0.16	0.31	0.48	0.29	0.80	1.09	0.48	1.70	2.19
Total ¹	0.78	0.82	1.59	1.27	1.73	3.00	2.18	3.09	5.27

1. Totals may not reflect arithmetic addition due to rounding. The method of aggregation is by arithmetic sum by category. As a result, the 1P estimate may be conservative and the 3P estimate may be optimistic due to the effects of arithmetic summation.

Year-on-year movement in Petroleum Reserves (MMbbl)

Category	Proved (1P)	Proved & Probable (2P)	Proved, Probable & Possible (3P)
Reserves at 30 June 2015	1.97	3.08	4.82
FY16 Production	(0.46)	(0.46)	(0.46)
Revisions ¹	0.08	0.38	0.91
Reserves at 30 June 2016²	1.59	3.00	5.27

1. The reserves revisions include Cooper Energy's share of future crude fuel usage in the Cooper Basin. The estimated fuel usage for the Cooper Basin operations are: 1P 0.03 MMbbl, 2P 0.05 MMbbl and 3P 0.09 MMbbl. There is no produced crude oil used for fuel in Indonesia.

2. Totals may not reflect arithmetic addition due to rounding.

Contingent Resources

Cooper Energy's 2C contingent resources at 30 June 2016 have increased by 5.9 million barrels of oil equivalent (MMboe) to an estimate of 64.3 MMboe. The key revisions are an upgrade of resources in the Sole Field in the Gippsland Basin, offshore Victoria, as announced to the ASX on 26 November 2015 and the divestment of the Indonesian exploration permits.

Contingent Resources at 30 June 2016¹

Category	1C			2C			3C		
	Gas PJ	Oil MMbbl	Total MMboe	Gas PJ	Oil MMbbl	Total MMboe	Gas PJ	Oil MMbbl	Total MMboe
Australia ²	184.8	4.0	35.8	261.9	7.6	52.6	385.2	12.1	78.5
Indonesia	1.2	0.0	0.2	2.3	0.0	0.4	4.3	0.0	0.7
Tunisia ²	1.6	3.5	3.8	5.6	10.4	11.3	18.5	29.9	33.1
Total¹	187.7	7.4	39.7	269.7	17.9	64.3	408.0	42.1	112.4

1. Totals may not reflect arithmetic addition due to rounding. The method of aggregation is by arithmetic sum by category. As a result, the 1C estimate may be conservative and the 3C estimate may be optimistic due to the effects of arithmetic summation.

2. Contingent resources reported above supersede that reported to the ASX on 15 August 2016 (including the Operating and Financial Review of that date which is included in this report) due to revisions to reflect 100% ownership of the BMG gas and liquids resource and downward revisions to Tunisian contingent resources following confirmation of withdrawal from the Hammamet permit.

Year-on-year movement in 2C Contingent Resources (MMboe)

Category	Australia	Indonesia	Tunisia	Total ¹
Resource at 30 June 2015	38.8	2.6	17.0	58.4
Revisions ²	13.8	(2.2)	(5.7)	5.9
Resource at 30 June 2016^{1,2}	52.6	0.4	11.3	64.3

1. Totals may not reflect arithmetic addition due to rounding. The method of aggregation is by arithmetic sum by category. As a result, the 1C estimate may be conservative and the 3C estimate may be optimistic due to the effects of arithmetic summation.
2. Contingent resources reported above supersede that reported to the ASX on 15 August 2016 (including the Operating and Financial Review of that date which is included in this report) due to revisions to reflect 100% ownership of the BMG gas and liquids resource and downward revisions to Tunisian contingent resources following confirmation of withdrawal from the Hammamet permit.

Notes on calculation of Reserves and Resources

Calculation of reserves and resources

- The approach for all reserves and resources calculations is consistent with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2007 Petroleum Resources Management System (PRMS). The resources estimation methodologies incorporate a range of uncertainty relating to each of the key reservoir input parameters to predict the likely range of outcomes. Project and field totals are aggregated by arithmetic and probabilistic summation. Aggregated 1P or 1C may be a conservative estimate and aggregated 3P and 3C may be an optimistic estimate due to the effects of arithmetic summation. Totals may not exactly reflect arithmetic addition due to rounding.

Reserves

- Cooper Energy undertakes its reserves assessments and incorporates information supplied by the respective Operators (Beach Energy Limited and Senex Energy Limited).
- The Cooper Basin totals comprise the arithmetically aggregated PEL 92 project fields and the arithmetic summation of the Worrior Field project reserves. The 1P, 2P and 3P reserves totals respectively include 0.03, 0.05 and 0.09 MMbbl oil reserves used for field fuel.
- The Indonesia totals include removal of non-shareable oil (NSO) and comprise the arithmetically aggregated Tangai-Sukananti KSO project fields. Totals are derived by arithmetic summation.

Contingent Resources

The contingent resources assessment includes resources in the Gippsland Basin, in the PEL 92 Joint venture (PRLs 84-104) and PEL 90K in the Cooper Basin, the Tangai-Sukananti KSO, Indonesia, and in the Hammamet West Field in the Bargou Permit, offshore Tunisia.

- The following assessments have been released to the ASX: Sole Field on 26 November 2015 and 25 May 2015, Manta Field on 16 July 2015, Basker and Manta fields on 18 August 2014, and Hammamet West Field on 28 April 2014. Cooper Energy is not aware of any new information or data that materially affects the information provided in those releases, and all material assumptions and technical parameters underpinning the estimates provided in the releases continue to apply.
- Contingent resources in the Sole Field in VIC/RL3, Gippsland Basin, offshore Victoria, were re-assessed by Cooper Energy as a result of technical reviews associated with the front-end engineering and design (FEED) process. The contingent resources have been assessed using probabilistic simulation modelling for the Kingfish Formation at the Sole Field. The conversion factor of 1 PJ = 0.172 MMboe has been used to convert from Sales Gas (PJ) to million barrels of oil equivalent (MMboe).
- Contingent resources in the Basker Field in VIC/RL13, VIC/RL14 and VIC/RL15 (formerly VIC/L26, VIC/L27 and VIC/L28), Gippsland Basin, offshore Victoria, have been assessed using deterministic simulation modelling for the Intra-Latrobe Group. Contingent resources for the Basker Field reservoirs have been aggregated by probabilistic summation. The conversion factor of 1 PJ = 0.172 MMboe has been used to convert from Sales Gas (PJ) to million barrels of oil equivalent (MMboe).
- Contingent resources in the Manta Field in VIC/RL13 and VIC/RL14 (formerly VIC/L26 and VIC/L27), Gippsland Basin, offshore Victoria, have been assessed using deterministic simulation modelling and probabilistic resource estimation for the Intra-Latrobe and Golden Beach Sub-Group. Contingent resources for the Manta Field reservoirs have been aggregated by probabilistic summation. The conversion factor of 1 PJ = 0.172 MMboe has been used to convert from Sales Gas (PJ) to million barrels of oil equivalent (MMboe).
- Contingent resources in Hammamet West Field in the Bargou permit, offshore Tunisia, have been assessed using probabilistic Monte Carlo statistical methods. Conversion factors for the Hammamet West Field are 1 boe = 5,620 scf.

Qualified Petroleum Reserves and Resources Evaluator Statement

The information on Cooper Energy's petroleum reserves and resources assessment is based on, and fairly represents, information and supporting documentation reviewed by Mr Andrew Thomas who is a full-time employee of Cooper Energy Limited holding the position of Exploration Manager, holds a Bachelor of Science (Hons), is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers, is qualified in accordance with ASX listing rule 5.41, and has consented to the inclusion of this information in the form and context in which it appears.

Review of Operations

Hector Gordon, Executive Director Exploration and Production



Cooper Energy's operations primarily comprise:

- Oil production in the Cooper Basin (onshore Australia) and the South Sumatra Basin (onshore Indonesia).
- Pre-development activities associated with the Sole and Manta gas fields in the offshore Gippsland Basin.
- Exploration for oil and gas in the Cooper, Otway and Gippsland basins.

Highlights of the year's activities were:

- Sole gas field FEED studies progressed to plan.
- Sole Field 2C contingent resources upgrade by 15 PJ to 121 PJ.
- Manta Field 2C contingent resources upgrade to 21.4 MMBoe.
- Unrisked prospective resources upgrade at Manta and Chimaera to Best Estimate (P50) of 105.0 MMboe and 45.1 MMboe, respectively.
- Bunian-4 results increased reserves by 0.02 MMbbl in the Bunian oil field, Sumatra.

Orbost Gas Plant



Production

Cooper Energy's oil production for the year totalled 0.46 MMbbl, 70% of which was derived from the company's Cooper Basin tenements. This is a 2% decrease on the previous year, primarily as a result of natural decline from the company's Cooper Basin fields that was offset by increased production from Indonesia arising from the success of the Bunian-3 development well.

Production MMbbl

	2015	2016
Cooper Basin, Australia	0.40	0.32
South Sumatra, Indonesia	0.08	0.14
Total	0.48	0.46

Drilling

Cooper Energy participated in the drilling of one well, Bunian-4, in the Tangai-Sukananti KSO, Indonesia, during the year. This well successfully appraised the key TRM3 Sand reservoir and discovered a new oil and gas pool in the GRM Sand. This resulted in an upgrade of field reserves.

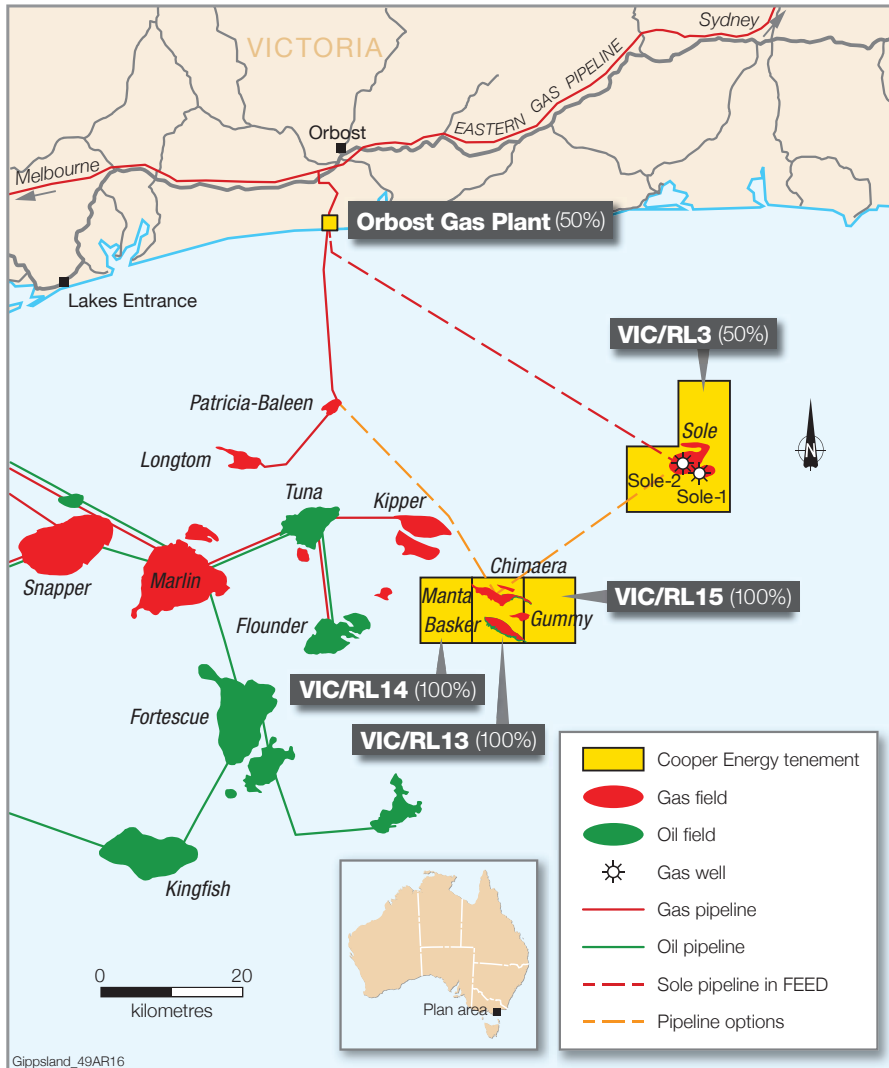
Type	Area	Tenement	Well	Result
Development	South Sumatra	Tangai-Sukananti KSO	Bunian-4	Oil Well*

* Cased and suspended as a future oil production well.



Review of Operations

Gippsland Basin



Cooper Energy's interests in the Gippsland Basin comprise:

- a 50% interest in VIC/RL3 which holds the Sole gas field;
- a 100% interest in, and Operatorship of, VIC/RL13, VIC/RL14 and VIC/RL15 (formerly VIC/L26, VIC/L27 and VIC/L28) which contain the Basker and Manta oil and gas fields ("BMG"). These fields, previously developed for oil production, are currently shut-in pending potential development for gas.

Cooper Energy holds 100% title to VIC/RL13, VIC/RL14 and VIC/RL15 following advice from 35% interest holder Beach Energy in May 2016 of its intention to withdraw from the BMG joint venture, effective from 27 October 2016. Beach Energy has

contractual obligations under the JOA in respect of their participating interest (35%) until that date and retains its share of abandonment liabilities until October 2021.

- a 50% interest in the Orbost Gas Plant, onshore Victoria. The plant which is in proximity to the Gippsland Basin gas fields and connected to the Eastern Gas Pipeline, is currently in care and maintenance.

Sole Gas Project and Orbost Gas Plant

The Sole Gas Project is being progressed for a final investment decision (FID), with first gas predicted for early in calendar year 2019.

Front End Engineering and Design (FEED) works progressed through

the year and were substantially completed by August 2016. The project is expected to comprise a horizontal development well, optimised to maximise production potential, retaining the option for a second well if appropriate. Gas produced from the field will be transported by a 12-inch diameter subsea pipeline to an upgraded Orbost Gas Plant from which point it will enter the Eastern Gas Pipeline. In parallel to the engineering activity, work was undertaken to secure the state and federal regulatory approvals necessary to take the project to the implementation phase.

Commercial negotiations resulted in the announcement of two agreements for gas sales during the year; with O-I Australia for 1.0 PJ per annum and with AGL for 6.6 PJ per annum. The total gas contracted to date of 7.6 PJ/year represents 61% of Cooper Energy's share of production from Sole.

Subsurface geological and reservoir engineering studies during the year resulted in a 2C resource upgrade of 30 PJ to 241 PJ (100% Joint Venture).

Manta Gas Project

The Manta Gas Project has the potential to produce approximately 24 PJ of gas per annum for supply to eastern Australian gas users, with additional revenue from the condensate production.

A seismic inversion project was completed in July and the results were integrated into the understanding of the reservoir and hydrocarbon distribution of Manta. This work, together with dynamic simulation modelling, was used to re-assess the contingent gas resources in Manta as 106 PJ of 2C contingent resources plus a further 11 PJ of Best Estimate risked prospective gas resources. Additionally, 2C contingent resources of 2.6 MMbbl of condensate are assessed (all 100% Joint Venture).

Review of Manta, and the adjacent Chimaera East prospects in VIC/RL13, VIC/RL14 and VIC/RL15 also resulted in a re-assessment of Best Estimate prospective resources in the two prospects. Manta is now assessed as holding Best Estimate prospective resource¹ of 105 MMboe comprising 526 PJ of gas, 12.9 MMbbl of condensate and 1.5 MMbbl of oil. Chimaera East is assessed as holding Best Estimate prospective resource¹ of 45 MMboe, comprising 229 PJ of gas and 5.6 MMbbl of condensate.

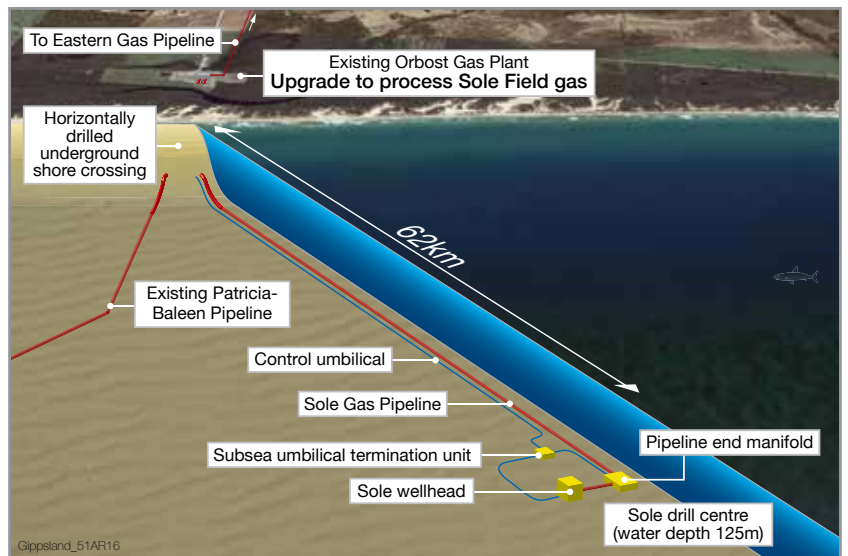
The upgrade includes new estimates for deeper target levels and is in addition to the contingent resources noted earlier.

The revised prospective resources assessment is based on new interpretation of reprocessed 3D seismic which has highlighted additional prospectivity at target levels both shallower and deeper than have been tested by the existing wells.

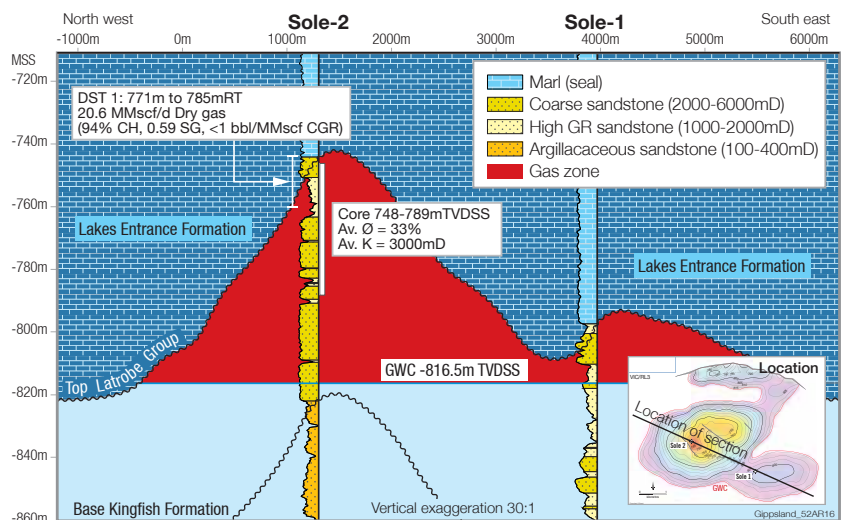
It is anticipated the Manta prospective and contingent resources, can be tested with a single dual-purposed appraisal/exploration well.

The Manta development concept includes a subsea tie-back to the Victorian coast and processing via the existing Orbost Gas Plant. The development case is enhanced by the scope that exists for cost savings and synergies through use of existing adjacent facilities and coordination with the development of the Sole gas field. Potential cost-saving synergies exist in subsea control systems, common equipment specifications and shared operational expenses.

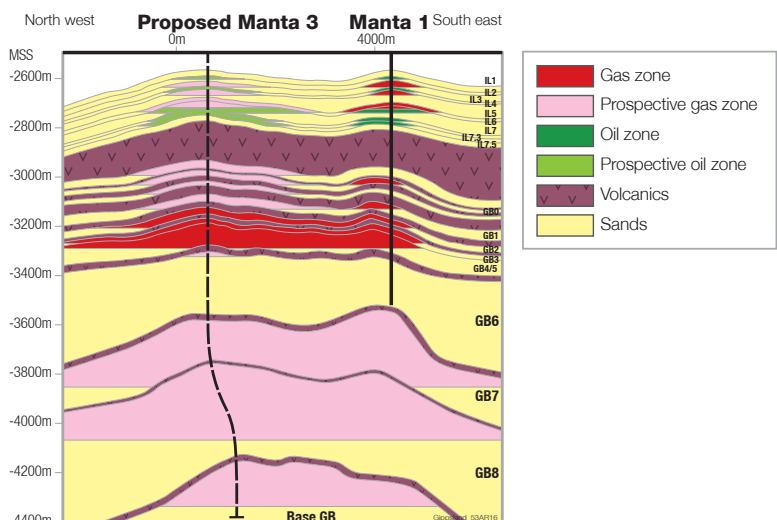
1. The estimated quantities of petroleum that may be potentially recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.



Phase 1 development schematic: Sole Gas Project plan



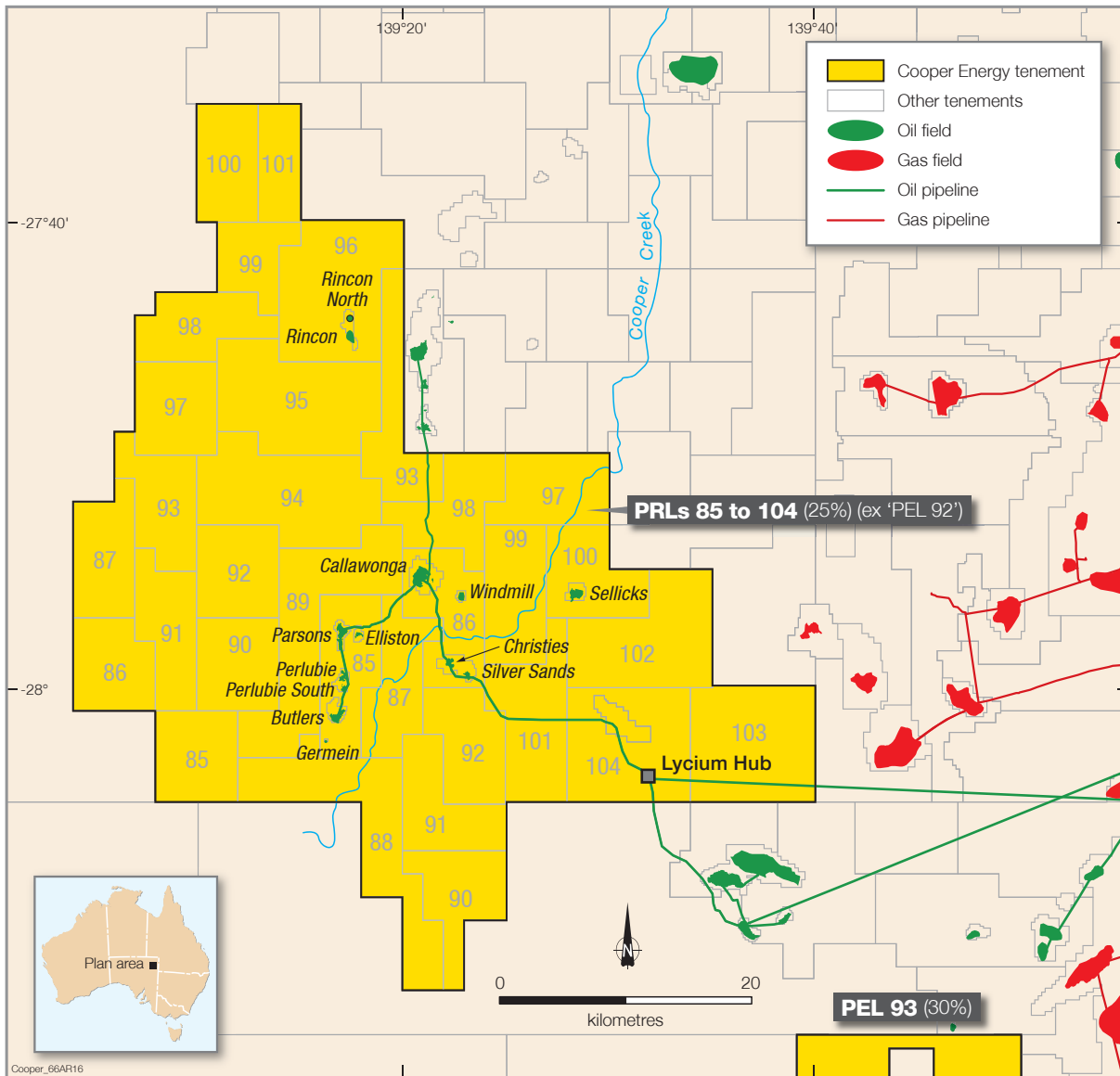
Cross-section of Sole gas field



Cross-section of Manta

Review of Operations

Cooper Basin



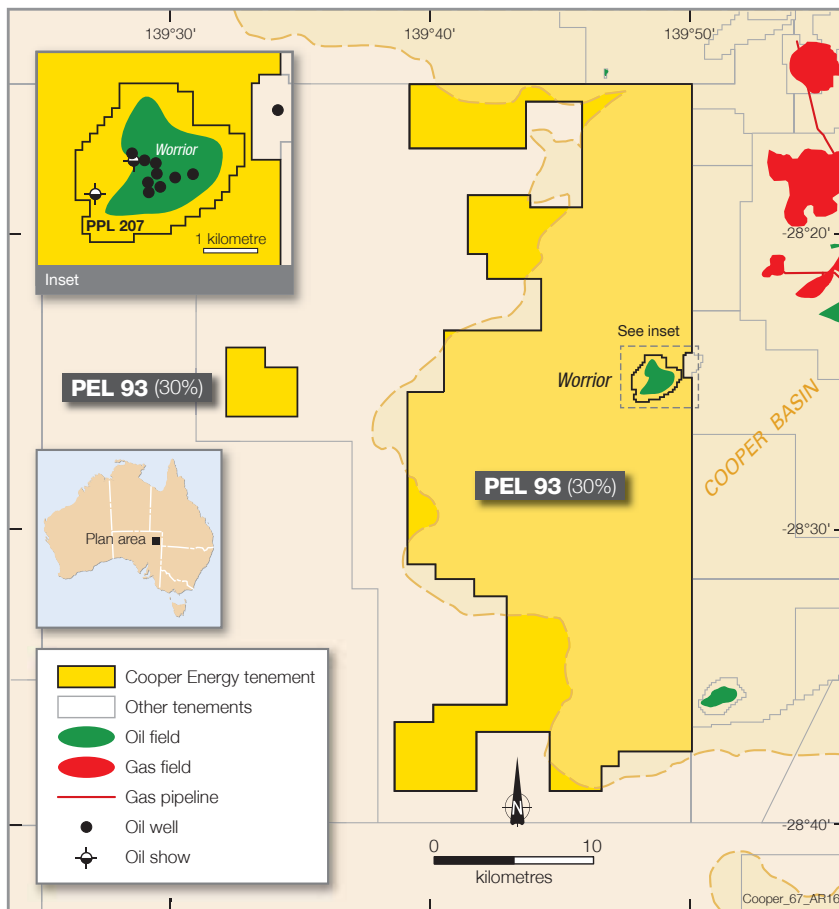
Cooper Energy holds interests in three exploration licenses, 28 retention licences and eleven production licences in the South Australian Cooper Basin.

The company's activities are primarily focussed on tenements held by the PEL 92 Joint Venture* ('PEL 92') on the western flank of the basin, which provided approximately 65% of Cooper Energy's total production in FY16. The Worrior Field (PPL 207) supplied 4% of Cooper Energy's total production for the year.

Oil exploration is also being undertaken in PEL 93 and in the company's tenements along the northern flank of the basin: PELs 90K and 100, and PRLs 183–190 (formerly PEL 110)*.

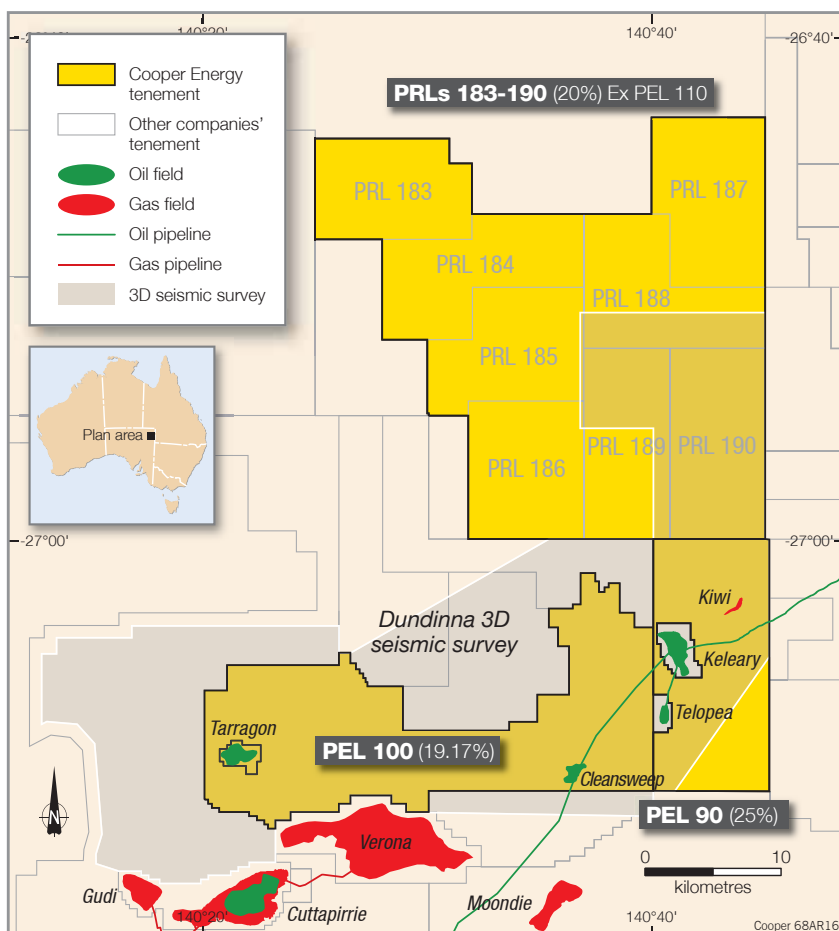
Cooper Energy's share of oil production from its Cooper Basin tenements – PEL 92 and PPL 207 (Worrior Field) – during the year totalled 0.32 MMbbl, 21% below that achieved in the previous year. The decrease in production was primarily due to natural field decline, which was offset by the contributions from Callawonga-10 and Callawonga-11, which were brought online in September 2015.

* The PEL 92 Joint Venture (Cooper Energy: 25% interest) holds 20 Petroleum Production Licences and 28 Petroleum Retention Licences: PRLs 85-104 (all of which were originally licensed as PEL 92). The PEL 110 Joint Venture (COE: 20%) holds 8 Petroleum Retention Licences: PRLs 183-190 (all of which were originally licensed as PEL 110).



The PEL 92 Joint Venture focussed activities on reprocessing and reinterpretation of the 3D seismic data in PRLs 85–104 (25% interest) with a view to replenishing the drilling target inventory. The subsurface effort has delineated several new exploration prospects at the Namur Sandstone level as well as at deeper reservoir levels such as the Birkhead, Hutton and Patchawarra formations.

In addition to exploration studies, detailed seismic mapping and reservoir modelling have identified several infield development drilling locations in the key fields. The successful Callawonga-12 development well drilled after year-end in August 2016 is a location identified by the studies undertaken during FY16, and highlights the additional reserves potential of the PEL 92 fields. Results from these studies have contributed to an increase in the EUR (estimated ultimate recovery) for the Callawonga, Butlers and Windmill fields which have been incorporated in Cooper Energy's year-end reserves statement.

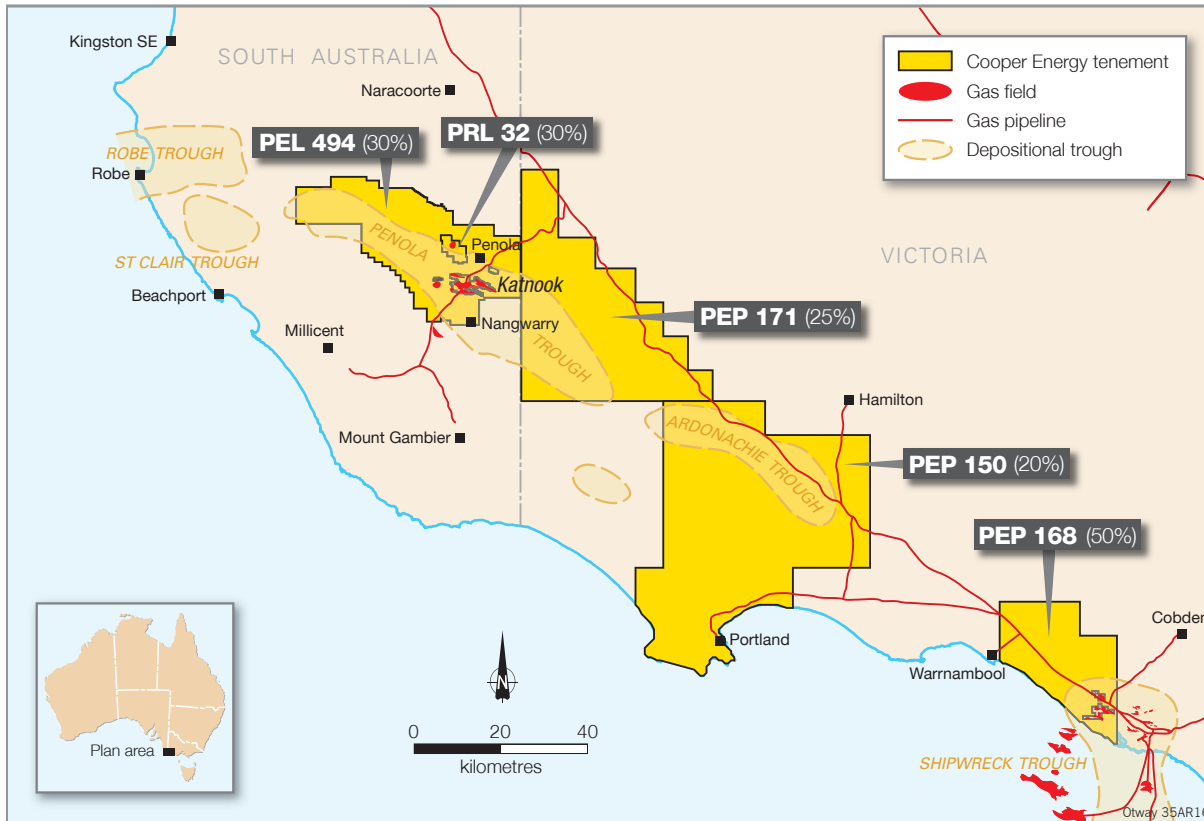


In PPL 207 (30% interest), a successful zone change to the McKinlay Member in Worrior-8 resulted in increased production. The Operator has implemented cost-saving measures that have lowered the field operating costs. During the year, the Operator conducted a full field review of opportunities to add incremental reserves or accelerate production. Plans to drill additional development wells are under review.

In the northern Cooper Basin permits PEL 90K (25% interest), PEL 100 (19.165% interest) and PEL 110 (20% interest), the Dundinna 3D seismic survey was the focus of a seismic inversion project. The project was completed during the year and the Operator is incorporating the results into a regional prospectivity study that will form the basis of a review of the prospect inventory in FY17.

Review of Operations

Otway Basin



Cooper Energy holds interests in four exploration licences and one retention licence in the onshore Otway Basin, covering a total area of 7,292 km². The company's primary focus in this region is exploration for oil and gas plays associated with the Casterton and Sawpit formations, primarily within the Penola Trough.

Analysis of data from Jolly-1 ST1 and Bungaloo-1, drilled in FY14 within the South Australian portion of the basin, was completed. The results have assisted with the identification of a number of opportunities for future evaluation of the deep plays in the Penola Trough.

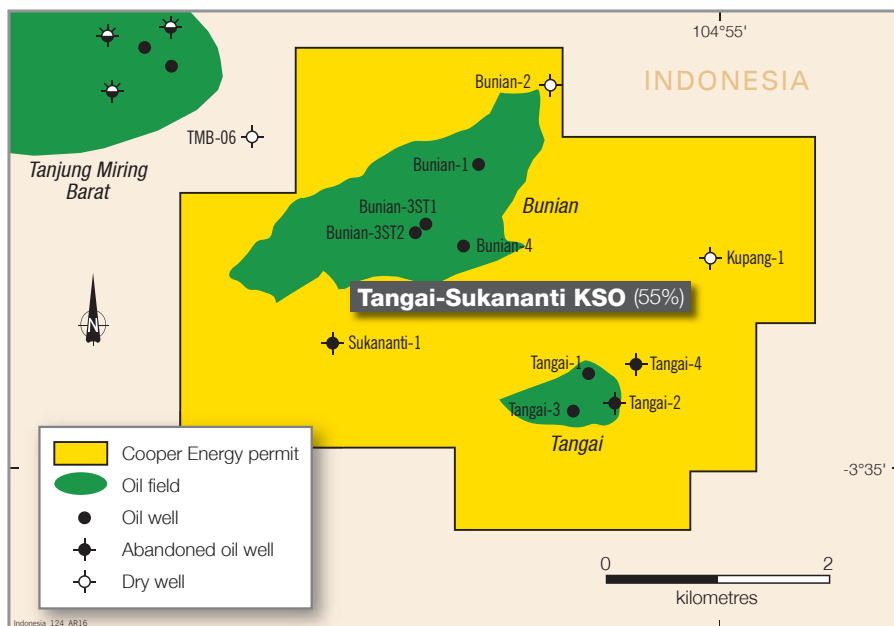
Reprocessing and interpretation of the Haselgrove 3D seismic survey (146 km²) and 222 km of 2D seismic data in PEL 494 was undertaken.

PELs 494 and 495 were consolidated into a single licence (PEL 494) and renewed for an additional five-year term. In accordance with regulatory requirements, the renewal process included relinquishment of 50% of the combined licence area. PEL 494 has been renewed to March 2021. The new work commitment requires the drilling of one well before March 2018 and acquisition of 100 km² 3D seismic before March 2020.

Cooper Energy surrendered PEL 186 in South Australia and withdrew from PEP 151 in Victoria. Applications to suspend and extend PEPs 150, 168 and 171 for a further 12 months due to the ongoing moratorium on gas exploration operations were submitted to the Victorian regulatory authority.

Subsequent to year-end, the Victorian government announced a permanent ban on the exploration and development of all onshore unconventional gas in Victoria, including hydraulic fracturing and coal seam gas. In addition, the government plans to legislate that the current moratorium on exploration and development of all onshore conventional gas will be extended to 30 June 2020. Cooper Energy and its joint venture partners are currently reviewing their options and future plans relevant to the onshore permits in Victoria.

Indonesia



In Indonesia, Cooper Energy holds a 55% interest in, and operates, the Tangai-Sukananti KSO tenement in the onshore South Sumatra Basin. The company completed sale of the Sumbagsel PSC and the Merangin III PSC exploration permits during the year.

Tangai-Sukananti KSO (55% interest and Operator)

Operations in the Tangai-Sukananti KSO are mainly focused on the Bunian oil field, which was discovered in 1998. To date, the field has produced over 1.25 million barrels of oil, predominantly from the TRM3 Sand in Bunian-1, which, prior to commencement of production from Bunian-3 ST2 in May 2015, was the only producing zone in the field. Oil is also produced from two wells in the nearby Tangai oil field.

Two operations were undertaken to increase oil production from the KSO during the year; the drilling of the Bunian-4 appraisal well and a workover of Tangai-3.

Bunian-4 was drilled in July-August 2015 to appraise the extent of the TRM3 and K1 Sand oil pools by attempting to locate an oil-water contact in a downdip location. The main reservoir, the TRM3 Sand, was intersected 17 metres (m) higher than prognosed and no oil-water contact was intersected. The TRM3 Sand was 9.1m thick with 7.1m of net oil pay interpreted.

The K1 Sand at Bunian-4, a new oil and gas pool discovered at the Bunian-3ST2 well in April 2015, was intersected 20m higher than prognosed. Although water-bearing at this location, the result contributed to an increase in proven reserves.

In addition to the TRM3 and K1 Sand results, a new oil pool was discovered in the GRM Sand of the Talang Akar Formation (between the TRM3 and the K1 Sands). The sand was 4.9m thick with 4.1m of net oil pay interpreted.

The results at Bunian-4 led to an increase in 2P oil reserves in the field at 30 June 2016 to 1.55 MMbbl (Cooper Energy share), which is an increase of 0.02 MMbbl and offsets FY16 field production of 0.23 MMbbl oil.

Bunian-4 will be completed as an oil producer from the TRM3 and GRM Sands following the installation of artificial lift in FY17.

The workover of Tangai-3 in June 2016 resulted in the well re-commencing production in that month. Tangai-3 produced at an average rate of 40 bopd during FY16.

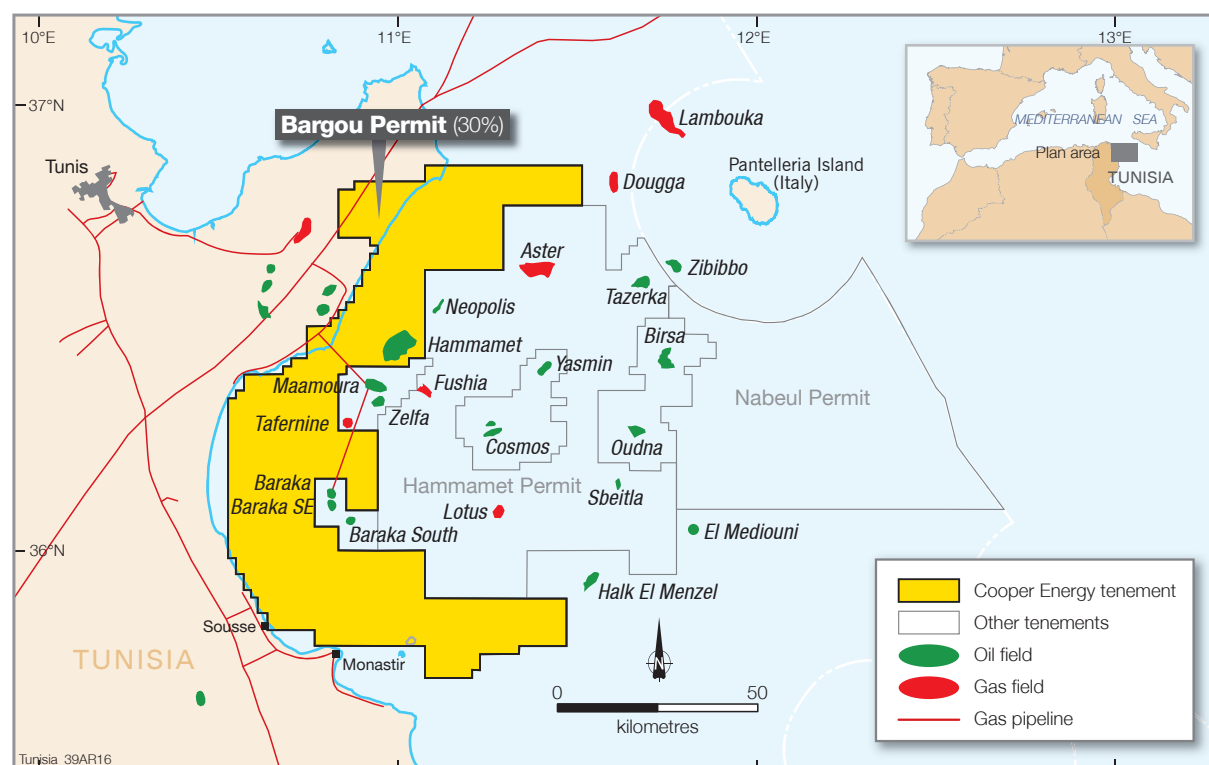
Total production from the KSO for the year averaged 743 bopd compared to an average of 383 bopd in the previous year, notwithstanding constraints imposed by trucking export and the handling capacity of facilities. The new K1 Sand oil pool, discovered by Bunian-3 ST2, produced 55,561 bbl of oil over the four months from August to December 2015 at an average rate of 463 bopd of oil, proving the high productivity of the reservoir.

Studies undertaken during, and subsequent to, FY16 will contribute to a Plan of Further Development for Bunian, which is expected to include drilling and the installation of increased export capacity during the 2017-2018 calendar years.

Cooper Energy does not expect to participate directly in the ongoing development of the field as its interest in the Tangai-Sukananti KSO is subject to a divestment process.

Review of Operations

Tunisia



Bargou Permit (30% interest and Operator)

The Bargou permit Joint Venture acquired a 504 km² 3D seismic survey as part of an amended work program during FY16. Interpretation of the seismic data will be completed in 2016 and abandonment of the Hammamet West well will be completed in FY17. This is expected to fulfil the Joint Venture's obligations under the amended work program.

Hammamet Permit (previously 35% interest)

Cooper Energy elected not to participate in the Hammamet permit extension and withdrew from the permit. As reported to the ASX, the company was subsequently served with a Request for Arbitration by the remaining joint venture partners (Medco Ventures International (Barbados) Ltd and DNO Tunisia AS) seeking security from Cooper Energy for its share of a well which is yet

to be drilled, as well as unspecified damages for a claimed breach of the operating agreement. Cooper Energy believes the claim to be without basis and denies any liability for activities undertaken during an extension period of the permit in which it has elected not to participate. The company intends to defend the claim vigorously.

Nabeul Permit

The terms of completing an exit from the Nabeul permit were agreed with the Tunisian government authority and the Joint Venture has paid compensation of US\$3.2 million (COE share US\$2.7 million) to fulfil its remaining permit obligations and has now completed the exit.

Health Safety Environment and Community (HSEC)

Highlights – Health and Safety

The Cooper Energy team achieved an outstanding safety performance during the year, with staff and contractors working a total of 963,000 hours with zero Lost Time Injuries and zero Total Recordable Cases. Total Recordable Cases comprises the sum of Lost Time Injuries, Alternate Duties Injuries and Medical Treatment Cases. Particular recognition in achieving this result is due to our field personnel in South Sumatra, Indonesia, during both drilling and ongoing oil production operations as well as to the offshore seismic team in Tunisia.

Environment

No recordable environmental incidents occurred during the financial year.

Initiatives

Our HSEC philosophy is based around the principles of care, mindfulness and continuous improvement. A specific initiative underpinning this philosophy is to embed the principles of the High Reliability Organisation in our culture. In order to progress this, the company has focused on a specific number of high potential near misses or accidents from elsewhere in the industry which have particular relevance for our own operations. These events are communicated to our workforce and then processes and systems assessed to identify and close gaps and to proactively incorporate lessons learned from within the wider industry.

Community

Cooper Energy has a long term commitment to contribute to and to engage with communities in which it operates. An example is the “Making a Difference” volunteering programme in Adelaide, where Cooper Energy staff contributed their time and resources to a variety of charitable organisations including the Hutt Street Centre for the homeless, Foodbank, Juvenile Diabetes Research Fund and Nature Foundation SA.

While the company allocates time to participate in these activities, it is notable that the culture has developed so that more than 80% of the time contributed actually occurs outside working hours.

Cooper Energy team members Jacinta Lowry, Tim Cotton, Zacc Paparella and Simon Brealey participating in native vegetation planting at the Nature Foundation SA Para Woodlands property. Para Woodlands is a former farming property where the Nature Foundation SA is working to restore the natural ecosystem to conserve wildlife.



Portfolio

Exploration and Production Tenements

Region: Australia

Cooper Basin						
State	Tenement	Interest	Location	Area (km ²)	Operator	Activities
South Australia	PPL 204 (Sellicks)	25%	Onshore	2.0	Beach Energy	Production
	PPL 205 (Christies / Silver Sands)	25%	Onshore	4.3	Beach Energy	Production
	PPL 207 (Worrior)	30%	Onshore	6.4	Senex Energy	Production
	PPL 220 (Callawonga)	25%	Onshore	5.5	Beach Energy	Production
	PPL 224 (Parsons)	25%	Onshore	1.8	Beach Energy	Production
	PPL 245 (Butlers)	25%	Onshore	2.1	Beach Energy	Production
	PPL 246 (Germein)	25%	Onshore	0.1	Beach Energy	Production
	PPL 247 (Perlubie/Perlubie South)	25%	Onshore	1.5	Beach Energy	Production
	PPL 248 (Rincon)	25%	Onshore	2.0	Beach Energy	Production
	PPL 249 (Elliston)	25%	Onshore	0.8	Beach Energy	Production
	PPL 250 (Windmill)	25%	Onshore	0.6	Beach Energy	Production
	PEL 90 (Kiwi sub-block)	25%	Onshore	144.6	Senex Energy	Exploration
	PRLs 85-104 (ex-PEL 92)	25%	Onshore	1,889.3	Beach Energy	Exploration
	PEL 93	30%	Onshore	621.8	Senex Energy	Exploration
	PEL 100	19.17%	Onshore	296.5	Senex Energy	Exploration
	ex PEL 110 ¹	20%	Onshore	727.5	Senex Energy	Exploration
Otway Basin						
State	Tenement	Interest	Location	Area (km ²)	Operator	Activities
South Australia	PEL 494	30%	Onshore	1,274	Beach Energy	Exploration
	PRL 32	30%	Onshore	36.9	Beach Energy	Exploration
Victoria	PEP 150	20%	Onshore	3,212	Beach Energy	Exploration
	PEP 168	50%	Onshore	795	Beach Energy	Exploration
	PEP 171	25%	Onshore	1,974	Beach Energy	Exploration
Gippsland Basin						
State	Tenement	Interest	Location	Area (km ²)	Operator	Activities
Victoria	VIC/RL3 (Sole)	50%	Offshore	201	Santos	Retention
	VIC/RL13	100%	Offshore	67	Cooper Energy	Retention
	VIC/RL14	100%	Offshore	67	Cooper Energy	Retention
	VIC/RL15	100%	Offshore	67	Cooper Energy	Retention

1. Ex PEL 110 consists of PRLs; 183, 184, 185, 186, 187, 188, 189 and 190.



Orbest Gas Plant, Gippsland Basin, Victoria

Region: Indonesia

South Sumatra Basin

Tenement	Interest	Location	Area (km ²)	Operator	Activities
Tangai – Sukananti KSO	55%	Onshore	18.3	Cooper Energy	Production

Region: Tunisia

Gulf of Hammamet

Tenement	Interest	Location	Area (km ²)	Operator	Activities
Bargou	30%	Offshore	4,616	Cooper Energy	Exploration

Board of Directors



Chairman

Mr John C. Conde AO
B.Sc. B.E(Hons), MBA

Independent Non-Executive Director

Appointed 25 February 2013

Experience and expertise

Mr Conde has extensive experience in business and commerce and in chairing high profile business, arts and sporting organisations.

Previous positions include non-executive Director of BHP Billiton, Chairman of Pacific Power (the Electricity Commission of NSW), Chairman of Events NSW, President of the National Heart Foundation and Chairman of the Pymble Ladies' College Council.

Current and other directorships in the last 3 years

Mr Conde is Chairman of Bupa Australia (since 2008) and The McGrath Foundation (since 2013 and Director since 2012). He is President of the Commonwealth Remuneration Tribunal (since 2003) and a director of Dexus Property Group ASX: DXS (since 2009). He is Deputy Chairman of Whitehaven Coal Limited ASX: WHC (since 2007).

Mr Conde is a former Chairman of Destination NSW (2011 – 2014) and the Sydney Symphony Orchestra (2007 – 2015) and is a former director of AFC Asian Cup (2015) (2012 – 2015).

Special Responsibilities

Mr Conde is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.



Independent Non-Executive Director

Mr Jeffrey W. Schneider
B.Com

Appointed 12 October 2011

Experience and expertise

Mr Schneider has over 30 years of experience in senior management roles in the oil and gas industry, including 24 years with Woodside Petroleum Limited. He has extensive corporate governance and board experience as both a non-executive director and chairman in resources companies.

Current and other directorships in the last 3 years

Mr Schneider is a former director of Comet Ridge Limited ASX: COI (2003 – 2014) and Green Rock Energy Limited ASX: GRK (2010 – 2013).

Special Responsibilities

Mr Schneider is Chairman of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.



Independent Non-Executive Director

Ms Alice J. M. Williams
B.Com, FAICD, FCPA, CFA

Appointed 28 August 2013

Experience and expertise

Ms Williams has over 25 years of senior management and Board level experience in corporate, investment banking and Government sectors.

Ms Williams has been a consultant to major Australian and international corporations as a corporate advisor on strategic and financial assignments. Ms Williams has also been engaged by Federal and State based Government organisations to undertake reviews of competition policy and regulation. Prior appointments include Director of Airservices Australia, Telstra Sale Company, V/Line Passenger Corporation, State Trustees, Western Health and the Australian Accounting Standards Board.

Current and other directorships in the last 3 years

Ms Williams is a non-executive Director of Equity Trustees Ltd ASX: EQT (since 2007), Djerriwarrh Investments Ltd, Victorian Funds Management Corporation (since 2008), Barristers Chambers Ltd (since 2015), the Foreign Investment Review Board (since 2015), Guild Group, Defence Health and Port of Melbourne Corporation. Ms Williams is a former council member of the Cancer Council of Victoria.

Special Responsibilities

Ms Williams is Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.



Managing Director

Mr David P. Maxwell
M.Tech, FAICD

Appointed 12 October 2011

Experience and expertise

Mr Maxwell is a leading oil and gas industry executive with more than 25 years in senior executive roles with companies such as BG Group, Woodside Petroleum Limited and Santos Limited. Mr Maxwell has very successfully led many large commercial, marketing and business development projects.

Prior to joining Cooper Energy Mr Maxwell worked with the BG Group, where he was responsible for all commercial, exploration, business development, strategy and marketing activities in Australia and led BG Group's entry into Australia and Asia including a number of material acquisitions.

Mr Maxwell has served on a number of industry association boards, government advisory groups and public company boards.

Current and other directorships in the last 3 years

Mr Maxwell is a director of wholly owned subsidiaries of Cooper Energy Ltd.

Special Responsibilities

Mr Maxwell is responsible for the day to day leadership of Cooper Energy. He is the leader of the management team.



Executive Director Exploration and Production

Mr Hector M. Gordon
B.Sc. (Hons). FAICD

Appointed 26 June 2012

Experience and expertise

Mr Gordon is a very successful geologist with over 35 years of experience in the petroleum industry. Mr Gordon was previously Managing Director of Somerton Energy until it was acquired by Cooper Energy in 2012. Previously he was an Executive Director with Beach Energy Limited where he was employed for more than 16 years. In this time Beach Energy experienced significant growth and Mr Gordon held a number of roles including Exploration Manager, Chief Operating Officer and, ultimately, Chief Executive Officer. Mr Gordon's previous employers also include Santos Limited, AGL Petroleum, TMOC Resources, Esso Australia and Delhi Petroleum Pty Ltd.

Current and other directorships in the last 3 years

Mr Gordon is a director of Bass Strait Oil Company Ltd ASX: BAS (since 2014) and various wholly owned subsidiaries of the Company. He is a former director of ERO Mining Limited (2011 – 2013).

Special Responsibilities

As a part-time executive of the Company, Mr Gordon is responsible for overseeing exploration and production activities and providing technical expertise in these areas. He is also Chairman of the HSEC Management Committee and the Indonesian Management Committee.

Executive Management team

Managing Director

David Maxwell
M.Tech, FAICD

Executive Director – Exploration & Production

Hector M. Gordon
BSc (Hons), FAICD

Operations Manager

Iain MacDougall
BSc (Hons)

Exploration Manager

Andrew Thomas
BSc (Hons)

Commercial & Business Development Manager

Eddy Glavas
B.Acc., CPA, MBA

Chief Financial Officer, Company Secretary

Jason de Ross
B.Ec., ACA, MBA, F Fin, GAICD

Company Secretary and Legal Counsel

Alison Evans
B.A., LLB

Key Performance Indicators

Operational	12 months to 30 June	2009	2010	2011	2012	2013	2014	2015	2016
Annual production	MMbbl	0.49	0.47	0.41	0.52	0.49	0.59	0.48	0.46
Proved & Probable Reserves	MMbbl	1.91	2.00	2.47	1.88	2.16	2.01	3.08	3.00
Wells drilled	number	7	4	12	10	13	11	9	1
Exploration wells spudded	number	5	4	6	6	8	5	4	-
Exploration success rate	percent	60%	0%	0%	50%	25%	0%	0%	n/a
Cumulative exploration success rate	percent	30%	27%	23%	27%	26%	24%	22%	22%
Reserve Replacement Ratio		198%	119%	215%	(14)%	157%	75%	323%	83%
Financial									
Oil sales revenue	\$ million	41.6	40.0	39.1	59.6	53.4	72.3	39.1	27.4
Other revenue	\$ million	4.2	4.3	5.1	4.7	2.3	2.8	1.9	0.9
EBITDA	\$ million	5.2	8.0	(6.0)	9.1	22.3	36.9	(58.4)	(37.4)
Profit before tax	\$ million	5.0	7.2	(5.5)	21.0	18.3	31.2	(18.8)	(26.0)
Profit after tax / (loss)	\$ million	(2.8)	1.2	(10.3)	8.4	1.3	22.0	(63.5)	(34.8)
Cash & term deposits	\$ million	93.4	92.5	72.4	61.5	47.9	49.1	39.4	49.8
Investments	\$ million	-	-	-	13.2	20.2	26.0	1.9	1.0
Working capital	\$ million	96.5	95.4	79.5	53.4	51.7	41.2	43.0	44.2
Accumulated profit	\$ million	23.2	24.4	14.1	22.5	23.8	45.7	(17.7)	(52.6)
Cumulative franking credits	\$ million	17.7	25.7	31.4	37.0	39.0	38.7	43.7	42.9
Shareholders equity	\$ million	123.3	125.1	114.9	136.9	137.2	167.8	103.9	91.6
Earnings per share	cents	(1.0)	0.4	(3.5)	2.8	0.4	6.4	(19.2)	(10.1)
Return on shareholders funds	percent	(2.3)%	1.0%	(8.6)%	6.7%	0.9%	14.4%	(61.1)%	(38.0)%
Total shareholder return	percent	(3.2)%	(17.8)%	(2.7)%	25.0%	(16.7)%	34.7%	(51.5)%	(12.2)%
Average oil price	A\$/bbl	86.76	87.02	95.42	114.63	112.31	124.08	85.48	60.75
Capital as at 30 June									
Share price	\$ per share	0.45	0.37	0.36	0.45	0.375	0.505	0.245	0.215
Issued shares	million	291.9	292.6	292.6	327.3	329.1	329.2	331.9	435.2
Market capitalisation	\$ million	131.4	108.3	105.3	147.3	123.4	166.3	81.4	93.6
Shareholders	number	7,596	6,537	5,573	5,485	5,284	5,122	5,103	4,931

Cooper Energy Limited and its controlled entities

Financial Report

For the year ended 30 June 2016

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Operating and Financial Review

For the year ended 30 June 2016

Summary Overview

The Company's operating and financial results for the year ended 30 June 2016 ("the year") have three significant features:

- the impact of, and response to, lower oil prices;
- advancement of the gas strategy, towards the Final Investment Decision (FID) on the first phase, the Sole Gas Project; and
- concentration of activities and resources on Australia, as the exit from international operations approaches completion.

The Company recorded a statutory loss for the period of \$34.8 million, mainly due to impairments recorded against the carrying value of exploration and evaluation assets brought about by the lower near term oil price outlook, and impairments to Indonesian assets held for sale. Exclusive of these significant items, Cooper Energy recorded an underlying loss of \$2.8 million. Cash flow of \$7.9 million was generated from operating activities. Analysis of these and other results, including comparison with previous periods, appears under the heading 'Financial Performance' later in this report.

Operations

Operations

Cooper Energy is a petroleum exploration and production company engaged in the commercialisation of gas resources in the Gippsland Basin to supply gas to south eastern Australia customers, oil production and exploration in the western flank of the Cooper Basin and exploration in the Otway Basin.

While the focus of the Company's activities is on the Australian energy sector, its portfolio in FY16 included a number of residual international production and exploration assets. During the year these assets were either divested or plans implemented to divest or withdraw in the near future.

Safety

The company recorded a zero Total Recordable Case Frequency Rate (TRCFR) and a zero Lost Time Injury Frequency Rate (LTIFR) for the 12 months to 30 June 2016. This compares with the previous year's TRCFR of 4.2 per million hours worked and a LTIFR of 1.04 incidents per million hours worked.

Production

Cooper Energy produced 0.47 million barrels of oil in the year at an average direct cost of A\$29.71/bbl, which compares with 0.48 million barrels (average direct cost of A\$36.76/bbl) in FY15. The movement between periods is attributable to lower production from the Cooper Basin, where capital expenditure was reduced and no drilling conducted during the year. As discussed under the heading 'Outlook' later in this review, it is planned that drilling will resume in FY17.

The Cooper Basin contributed 0.32 MMbbl, or 68%, of the Company's oil production during the year, with the balance sourced from the Tangai-Sukananti KSO in the South Sumatra Basin, Indonesia which is currently subject to a divestment agreement.

Gippsland Basin Gas Projects

The Company's Gippsland Basin gas resources are the focal point of the company's growth strategy and accounted for 70% of capital expenditure during the year. Progress made has seen the Company increase its contingent and prospective resources, secure Heads of Agreement for gas sales, and near complete Front End Engineering and Design (FEED), for development of the Sole Gas Project.

Cooper Energy's Gippsland Basin gas interests comprise:

- a 50% interest in VIC/RL 3, which holds the Sole gas field;
- a 50% interest in the Orbost Gas Plant, which is currently in care and maintenance and ideally located to process gas from Sole and other Gippsland Basin fields; and
- a 100% interest in VIC/RL 13-15¹, which hold the Manta gas field and the Basker oil and gas field. Beach Energy which held a 35% interest in the licences and has notified of its intention to withdraw and remains liable for a 35% participating interest until the effective date of withdrawal, being 27 October 2016.

Sole Gas Project

The FID for the Sole Gas Project is expected before the end of 2016. The case for commercialisation of Sole has been reinforced by milestones and developments during FY16 including:

- announcement of an upwards revision to Contingent Resources for the field on 26 November 2015, with the effect that Sole is now assessed to hold 241 PJ² of gas (2C Contingent Resources; Cooper Energy share 120.5 PJ) compared with 211 PJ previously;
- FEED conducted over the course of FY16 has delivered a technically robust and economic development plan;
- Heads of Agreement for the sale of gas to AGL and O-I Australia, totalling 7.6 PJ pa. This represents 61% of Cooper Energy's 50% share of Sole output, thereby providing foundation sales for project FID and permitting further contracting to be optimised for best value; and

¹ These tenements were previously the exploration licences VIC L/26, L/27 and L/28

² Contingent Resources assessed for the Sole gas field and Manta fields were announced to the ASX on 26 November 2015 and 16 July 2015 respectively. Cooper Energy is unaware of any new information or data that materially affects the information provided in that release and all material assumptions and technical parameters underpinning the assessment provided in the announcement continue to apply.

Operating and Financial Review

For the year ended 30 June 2016

Operations continued

- trading and trends in the Australian energy market during the year and subsequent, which are consistent with the tighter gas supply anticipated in the company's gas strategy.

Strategies have been developed for financing the development of Sole and structuring commercial participation for acceptable returns for shareholders. Specific plans for the Sole Gas Project will be settled prior to FID.

Manta

The Company concluded the Business Case study for the resources located in VIC/RL 13-15. The study identified a sound economic opportunity for development of the Manta gas field and production of 106 PJ of gas and 2.6 MMbbl of condensate (gross 2C Contingent Resources²) via the Orbest Gas Plant. The development is contingent on successful appraisal drilling.

Further analysis has identified substantial synergies available through coordinating development of Manta with the Sole gas field. Commercialisation of Manta, which is a less mature, longer dated asset than Sole, is being pursued with a view to realising the benefits expected from coordinating resources and activities between the two projects.

Geological studies during the year identified the potential for significant resource additions in the deeper zones below the existing Manta field (Manta Deep) and the Chimaera East prospects in VIC/RL 13-15. Prospective Resources assessed for these prospects have been upgraded as a result, and were detailed in the announcement to the ASX on 4 May 2016.

Portfolio management

Portfolio management has been a long-term and ongoing exercise as the Company concentrates its resources around cash-generating Australian onshore oil production and the development and sale of gas to south eastern Australian customers.

Since 1 July 2015 the Company has sold, or contracted for sale, its Indonesian assets, ceased involvement in two of the three Tunisian permits in which it was involved, and withdrawn from some Australian tenements. It is expected the Company's portfolio will consist of entirely Australian assets in the near term.

In Tunisia, as disclosed in Note 12 to the Financial Statements, Cooper Energy has withdrawn from the Hammamet joint venture (COE interest 35%) while in the Nabeul joint venture (Cooper Energy interest 85%) the Company exited the permit after agreeing terms with the government. In the remaining Tunisian tenement, the Bargou permit (COE interest 30%), the joint venture agreed, and is in the process of completing, a reduced work program consisting of seismic acquisition and well abandonment to fulfil its commitments.

In Australia, the VIC/RL 13-15 offshore Gippsland Basin joint venture parties accepted an offer from the National Offshore Petroleum Titles Administrator (NOPTA) to convert the permits into Retention Leases with a 5 year term. Otway Basin interests were rationalised with the relinquishment of PEL 186 and withdrawal from PEP 151.

Exploration and development

The Gippsland Basin gas resources were the principal focus of the Company's technical activity during the year, including a reassessment of Contingent Resources and Prospective Resources, the completion of the business case study for Manta and the FEED for Sole.

Exploration and development activities were curtailed to preserve cash in the current low oil price environment. The Company participated in one well during the year, Bunian-4 a successful oil appraisal/development well in the Tangai-Sukananti KSO, Indonesia, which was cased and suspended as an oil producer after identifying a new oil pool reservoir.

In the Cooper Basin, activity included the connection of the successful Callawonga-10 and Callawonga-11 wells and facilities optimisation work in producing fields. Geological studies have identified targets for development and exploration drilling planned for FY17.

Reserves and resources

At 30 June 2016 the company's reserves and resources were assessed to be 3.0 million barrels (MMbbl), proved and probable reserves, marginally lower than the corresponding figure of 3.1 MMbbl at the beginning of the year. Contingent Resources (2C) were assessed to be 59.0 million barrels of oil equivalent (MMboe) compared with the FY15 comparative of 58.4 MMboe.

A detailed statement on reserves and resources has been lodged with the ASX on 15 August 2016. Significant features of the statement include;

- 1.7 MMbbl of proved and probable reserves at 30 June are attributable to Indonesia and subject to a contract for sale. Similarly, 2C Contingent Resources of 17.4 MMboe are attributable to assets in Indonesia or Tunisia which are either subject to a divestment contract or a withdrawal plan.
- Australian proved and probable reserves at 30 June 2016 were 1.3 MMbbl after production of 0.3 MMbbl during the year. The major share of the year's production was replaced by upwards revision to estimates of reserves in producing Cooper Basin oil fields after technical analysis including seismic reprocessing and remapping.
- 2C Contingent Resources in Australia of 41.6 MMboe includes 213 PJ, of which 121 PJ (21.0 MMboe) is attributable to the company's interest in the Sole gas field.

² Contingent Resources assessed for the Sole gas field and Manta fields were announced to the ASX on 26 November 2015 and 16 July 2015 respectively. Cooper Energy is unaware of any new information or data that materially affects the information provided in that release and all material assumptions and technical parameters underpinning the assessment provided in the announcement continue to apply.

Operating and Financial Review

For the year ended 30 June 2016

Financial Performance

Cooper Energy recorded a statutory loss after tax of \$34.8 million for the 30 June 2016 financial year which compares with the loss after tax of \$63.5 million recorded in the 2015 financial year. The 2016 statutory loss includes a number of items which adversely affected loss after tax by a total of \$32.0 million. These items principally comprise impairments to the Indonesian exploration and evaluation assets held for sale (included in discontinued operations) and the Otway exploration and evaluation assets.

Financial Performance		FY16	FY15	Change	%
Production volume	MMbbl	0.465	0.475	-0.010	-2%
Sales volume	MMbbl	0.451	0.457	-0.006	-1%
Sales revenue	\$ million	27.4	39.1	-11.7	-30%
Average oil price	A\$/bbl	60.75	85.56	-24.81	-29%
Gross profit	\$ million	9.9	14.1	-4.2	-30%
Gross profit / Sales revenue	%	36.1	36.1	0.0	0%
Operating cash flow	\$ million	7.9	2.0	5.9	295%
Reported loss	\$ million	-34.8	-63.5	28.7	45%
Underlying loss	\$ million	-2.8	-1.3	-1.5	-115%
Underlying EBITDA*	\$ million	1.2	8.1	-6.9	-85%

* Earnings before interest, tax, depreciation and amortisation

All numbers in tables in the Operating and Financial Review have been rounded. As a result, some total figures may differ insignificantly from totals obtained from arithmetic addition of the rounded numbers presented.

Calculation of underlying loss by adjusting for items unrelated to the underlying operating performance is considered to provide meaningful comparison of results between periods. Underlying loss and underlying EBITDA are not defined measures under International Financial Reporting Standards and are not audited. Reconciliations of net loss after tax and Underlying loss and Underlying EBITDA and other measures included in this report to the Financial Statements are included at the end of this review.

The underlying loss after tax was \$2.8 million, compared with an underlying loss after tax of \$1.3 million in the previous year. The factors which contributed to the movement between the periods were:

- significantly lower oil prices. The average oil price of A\$60.75/bbl (including hedge benefit of \$5.54/bbl) was 29% lower than the 2015 financial year average of A\$85.56/bbl. This difference was responsible for an \$11.3 million reduction in sales revenue;
- production expenses and royalties were \$3.4 million lower in response to lower oil prices;
- amortisation costs were \$4.1 million lower mainly due to prior period impairments on oil properties;
- exploration and evaluation expenditure written off was \$2.5 million lower, due to lower activities and reversal of prior year accruals;
- general administration costs were \$1.2 million lower, due to lower remuneration and consulting costs and reversals of prior year accruals; and
- income tax benefit was \$2.6 million higher, mainly due to the recognition of a deferred tax asset on the current year taxable loss.

Financial Position

Financial Position		FY16	FY15	Change	%
Total assets	\$ million	176.3	174.0	2.3	1%
Total liabilities	\$ million	84.8	70.1	14.7	21%
Total equity	\$ million	91.6	103.9	-12.3	-12%

Total Assets

Total assets increased by \$2.3 million from \$174.0 million to \$176.3 million.

Cooper Energy has a strong balance sheet. At 30 June the Company held cash and deposit balances of \$49.8 million, equity investments of \$0.8 million and investment in associate of \$0.2 million (total investments \$1.0 million) and no debt.

Cash and deposit balances increased by \$10.4 million over the period after net proceeds from the equity issue of \$21.2 million, net proceeds from the sale of the Indonesian exploration assets of \$12.4 million, operating cash flow of \$7.9 million and net foreign exchange and other items of \$1.3 million, partially offset by funding exploration and development expenditure of \$32.4 million, as summarised in the chart below.

Operating and Financial Review

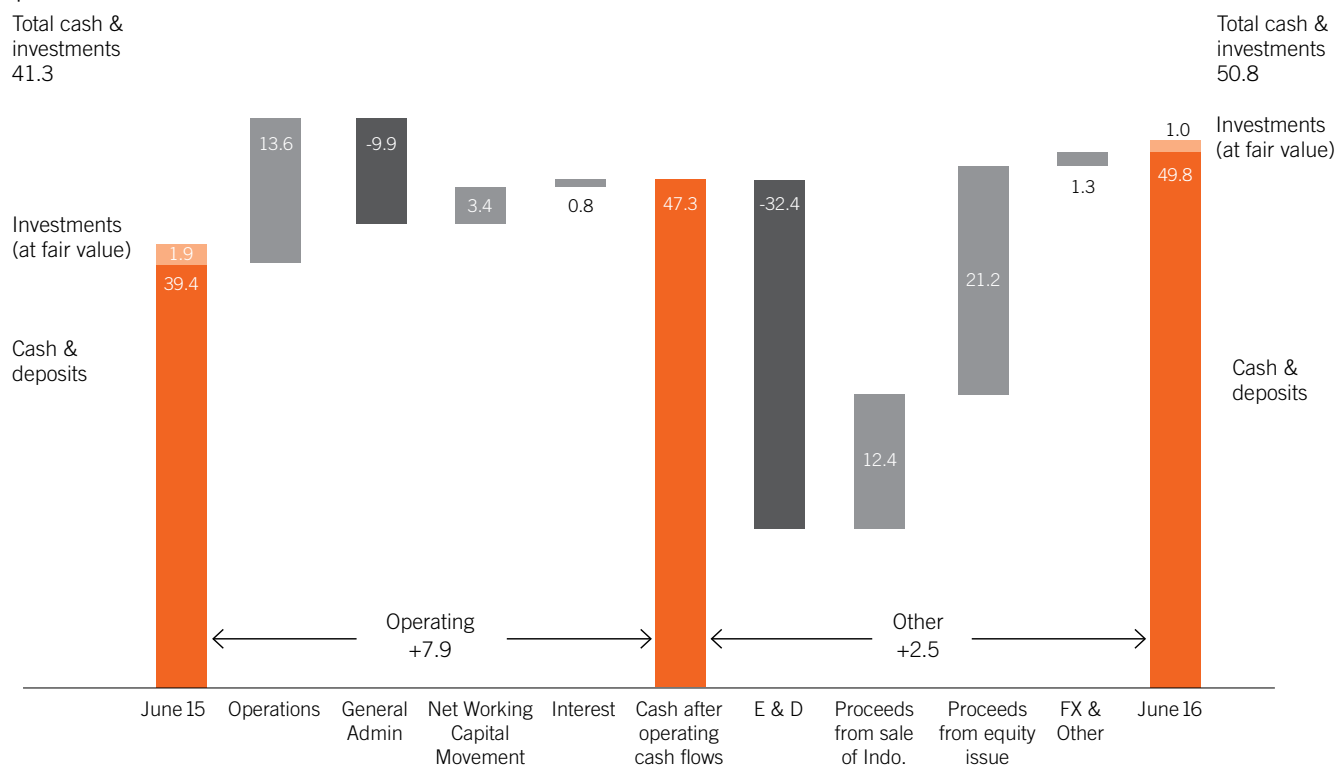
For the year ended 30 June 2016

Financial Position *continued*

Lower quoted share prices for equity investments resulted in investments reducing by \$0.9 million over the period.

\$ million

Total cash & investments
41.3



Exploration and evaluation assets increased \$5.6 million from \$105.4 million to \$111.0 million as a result of Sole FEED, increases to the rehabilitation provision in VIC/RL 13-15, partially offset by impairments to the value of Indonesian, Otway exploration and Cooper Basin northern license assets.

Oil properties (including those held for sale of \$0.8 million) decreased by \$5.7 million from \$11.9 million to \$6.2 million mainly as a result of impairments to the value of the Indonesian assets and amortisation, partially offset by capital expenditure during the period.

Trade and other receivables (including those held for sale of \$3.9 million) decreased \$4.7 million from \$12.0 million to \$7.3 million, mainly due to the timing of sales revenue receipts and the decrease in oil prices.

Total Liabilities

Total liabilities increased by \$14.7 million from \$70.1 million to \$84.8 million.

Provisions (including those held for sale of \$0.2 million) increased by \$22.7 million from \$47.1 million to \$69.8 million due to an increase in the rehabilitation provision for VIC/RL 13-15 arising from an increase in the Company's interest in the permits from 65% to 100% and an increase in the estimated cost of abandonment. Deferred tax liabilities decreased by \$8.8 million from \$11.0 million to \$2.2 million due to movements in temporary differences and the recognition of a deferred tax asset on carry forward tax losses.

Total Equity

Total equity has decreased by \$12.3 million from \$103.9 million to \$91.6 million. In comparing equity for the period to the prior corresponding period the key movements were:

- higher contributed equity of \$22.1 million due to shares issued from equity raisings and shares issued on vesting of performance rights during the period;
- higher accumulated losses of \$34.8 million due to the total loss for the 2016 financial year; and
- higher reserves of \$0.4 million mainly due to the issue of equity incentives to employees partially offset by negative fair value movements on the Company's listed equity investments.

Operating and Financial Review

For the year ended 30 June 2016

Business Strategies and Prospects

Market developments and the Company's activities during the year are consistent with plans to build a gas business to supply the opportunities anticipated in south eastern Australia whilst maintaining cash-generating oil production. The technical, operational and commercial activities required to support the implementation of the Company's strategy are being conducted in accordance with disciplined and diligent cost management and the objective of maximising shareholder value.

The first phase of the Gippsland Basin gas business is the Sole Gas Project which is now approaching FID with a completed development design and plan, foundation sales Heads of Agreement and a strong market outlook. An affirmative FID decision for Sole will trigger a substantial increase in reserves as Cooper Energy recognises its share (currently 50%) of the 40 MMboe Proved and Probable Reserves that are expected to be attributable to the field once the development is committed.

Further contracting of the Company's gas resources in Sole will be conducted with the objective of securing the best value for shareholders given market conditions. Accordingly, it is intended to retain as much uncommitted gas resource as is prudent for exposure to the returns expected from short and medium term sales in a tight market.

The second phase of the Gippsland Basin gas business is the appraisal and development of the Manta field which offers a further step change in production and revenue generation. This project has attracted interest from gas buyers, with an option for 4 PJ pa being held by AGL under the Heads of Agreement signed in March 2016. Work is ongoing to advance the commercialisation of the Manta resource with near term priorities including reconstituting the VIC/RL 13-15 joint venture with parties keen to participate in Gippsland Basin gas development and planning for the Manta-3 appraisal well with a view to drilling from the final quarter of calendar 2017.

Oil production from the western flank of the Cooper Basin is the Company's current source of cash generation. The financial and technical robustness of the PRL 85-104 assets (previously PEL 92) are apparent in the year's recorded results despite low oil prices and a suspension of drilling. Cash costs of production are well below current oil prices.

Investment in technical analysis of the PRL 85-104 acreage and other assets in the Cooper Basin is continuing to identify low risk exploration, appraisal and development opportunities. It is expected that ongoing modest capital expenditure directed to the Western Flank of the Cooper Basin will continue to support production and cash generation for the foreseeable future.

Outlook

The principal focus of the Company's activities in the coming months will be the advancement of the gas projects as outlined under 'Business Strategies and Prospects' above.

Cooper Energy anticipates production from its Cooper Basin operations will range between 0.24 MMbbl to 0.28 MMbbl in FY17. This compares to a corresponding figure of 0.32 MMbbl in FY16, with the movement reflecting natural field decline in the absence of drilling activity. Drilling in the Company's Cooper Basin permits is expected to resume after a 12 month suspension, as part of a program which is expected to see the drilling of 3 to 5 wells during FY17.

Total capital expenditure will be affected by the FID on Sole. The impact of an affirmative decision is not included in current guidance of \$14 million to \$19 million for FY17. Approximately \$7 million to \$10 million of this estimate is accounted for by the Gippsland Basin gas projects (exclusive of an affirmative FID).

Direct cash operating costs (production, transport and royalties) of approximately A\$31/bbl are anticipated for FY17.

As at 30 June 2016 the Company had oil price hedge arrangements in place for 0.18 MMbbl over 18 months. For FY17, the effect of the positions taken is that approximately 60% of the Company's FY17 production is hedged at an average floor price of A\$55.98/bbl.

General and administration (G&A) costs are being managed prudently whilst continuing to resource the activities necessary to advance commercialisation of the Gippsland Basin gas projects and other growth opportunities. G&A costs of approximately \$12 million or approximately \$10 million excluding share based payments are anticipated in FY17, which includes approximately \$1 million in relation to Sole project funding (pre FID) and provision for the closure of Tunisian operations.

Funding and Capital Management

Cooper Energy seeks to manage its capital with the objective of providing shareholders with the optimal risk-weighted return from the exploration, development and sale of hydrocarbons.

At 30 June 2016 the Company had cash, deposits and investments of \$49.8 million. During the first half of 2016, the Group completed the restructuring of its bank facilities with Westpac Banking Corporation from corporate to reserve-based lending. The facilities have no debt funding drawn against them and are detailed in Note 7 to the Financial Statements. The Company is advancing implementation of funding options for its growth projects.

Risk Management

The Company manages risks in accordance with its risk management policy with the objective of ensuring all risks inherent in oil and gas exploration and production activities are identified, measured and then managed or kept as low as reasonably practicable. The Management Team performs risk assessments on a regular basis and a summary is reported to the Audit and Risk Committee. The Audit and Risk Committee approves and oversees an internal audit program, drawing on external industry or field specialists, as appropriate.

Operating and Financial Review

For the year ended 30 June 2016

Risk Management *continued*

Key risks which may impact the execution and achievement of the business strategies and prospects for Cooper Energy in future financial years are risks inherent in the oil and gas industry including technical, economic, commercial, operational, environmental and political risks. This should not be taken to be a complete or exhaustive list of risks. Many of the risks are outside the control of the Company and its officers.

To help manage these risks, policies and procedures are monitored and updated.

Reconciliations for net loss to Underlying net loss and Underlying EBITDA

Reconciliation to Underlying loss		FY16	FY15	Change	%
Net loss after income tax	\$ million	-34.8	-63.5	28.7	45%
Adjusted for:					
Impairment of discontinued operations & loss on sale	\$ million	13.0	47.6	-34.6	-73%
Exit provision	\$ million	3.7	0.0	3.7	100%
Impairment of oil properties	\$ million	0.0	7.5	-7.5	-100%
Impairment of exploration and evaluation	\$ million	21.7	7.2	14.5	201%
Impairment of financial assets AFS	\$ million	0.0	7.5	-7.5	-100%
Accounting gain on acquisition of associate investment	\$ million	0.0	-0.3	0.3	100%
Realised gain on sale of financial asset HFS	\$ million	0.0	-3.6	3.6	100%
Impairment of investment in associate	\$ million	0.2	0.5	-0.3	-60%
Unrealised hedging gain	\$ million	0.0	0.2	-0.2	-100%
Tax impact of above changes	\$ million	-6.5	-4.4	-2.1	-48%
Underlying loss	\$ million	-2.8	-1.3	-1.5	-115%
Reconciliation to Underlying EBITDA*		FY16	FY15	Change	%
Underlying loss	\$ million	-2.8	-1.3	-1.5	-115%
Add back:					
Interest revenue	\$ million	-0.8	-1.2	0.4	33%
Accretion expense	\$ million	1.4	0.5	0.9	180%
Tax expense / (benefit)	\$ million	-1.2	1.4	-2.6	-186%
Depreciation	\$ million	0.5	0.5	0.0	0%
Amortisation	\$ million	4.1	8.2	-4.1	-50%
Underlying EBITDA*	\$ million	1.2	8.1	-6.9	-85%

* Earnings before interest, tax, depreciation and amortisation

Reconciliations of other measures to the Financial Statements

Reconciliation to production volumes		FY16	FY15	Change	%
Continuing operations	MMbbl	0.317	0.400	-0.083	-21%
Add back: Indonesia held for sale / discontinued operations	MMbbl	0.148	0.075	0.073	97%
Production volume	MMbbl	0.465	0.475	-0.010	-2%
Reconciliation to sales volumes		FY16	FY15	Change	%
Continuing operations	MMbbl	0.311	0.386	-0.075	-19%
Add back: Indonesia held for sale / discontinued operations	MMbbl	0.140	0.071	0.069	97%
Sales volume	MMbbl	0.451	0.457	-0.006	-1%

Operating and Financial Review

For the year ended 30 June 2016

Reconciliations of other measures to the Financial Statements *continued*

Reconciliation to sales revenue		FY16	FY15	Change	%
Continuing operations	\$ million	20.3	33.5	-13.2	-39%
Add back: Indonesia held for sale / discontinued operations	\$ million	7.2	5.6	1.6	29%
Sales revenue	\$ million	27.4	39.1	-11.7	-30%

Reconciliation to average oil price		FY16	FY15	Change	%
Continuing operations	A\$/bbl	65.27	86.79	-21.52	-25%
Add back: Indonesia held for sale / discontinued operations	A\$/bbl	51.43	78.87	-27.44	-35%
Average oil price	A\$/bbl	60.75	85.56	-24.81	-29%

Reconciliation to gross profit		FY16	FY15	Change	%
Continuing operations	\$ million	8.1	13.9	-5.8	-42%
Add back: Indonesia held for sale / discontinued operations	\$ million	1.8	0.2	1.6	800%
Gross profit	\$ million	9.9	14.1	-4.2	-30%

Reconciliation to gross profit / sales revenue		FY16	FY15	Change	%
Continuing operations	%	39.9	41.5	-1.6	-4%
Add back: Indonesia held for sale / discontinued operations	%	25.0	3.6	21.4	594%
Gross profit / Sales revenue	%	36.1	36.1	0.0	0%

Reconciliation to production expenses and royalties		FY16	FY15	Change	%
Continuing operations	\$ million	9.3	13.6	-4.3	-32%
Add back: Indonesia held for sale / discontinued operations	\$ million	4.1	3.2	0.9	28%
Production expenses and royalties	\$ million	13.4	16.8	-3.4	-20%

Reconciliation to amortisation		FY16	FY15	Change	%
Continuing operations	\$ million	2.9	6.0	-3.1	-52%
Add back: Indonesia held for sale / discontinued operations	\$ million	1.2	2.2	-1.0	-45%
Amortisation	\$ million	4.1	8.2	-4.1	-50%

Reconciliation to general administration		FY16	FY15	Change	%
Continuing operations	\$ million	10.8	12.1	-1.3	-11%
Add back: Indonesia held for sale / discontinued operations	\$ million	0.9	0.8	0.1	13%
General administration	\$ million	11.7	12.9	-1.2	-9%

Reconciliation to tax benefit		FY16	FY15	Change	%
Continuing operations	\$ million	7.9	3.1	4.8	155%
Tax impacts of adjustments to underlying loss	\$ million	-6.5	-4.4	-2.1	48%
Add back: Indonesia held for sale / discontinued operations	\$ million	-0.2	-0.1	-0.1	100%
Tax benefit / (expense)	\$ million	1.2	-1.4	2.6	-186%

Directors' Statutory Report

For the year ended 30 June 2016

The Directors present their report together with the consolidated financial report of the Group, being Cooper Energy Limited (the “parent entity” or “Cooper Energy” or “Company”) and its controlled entities, for the financial year ended 30 June 2016, and the independent auditor’s report thereon.

1. Directors

The Directors of the parent entity at any time during or since the end of the financial year are:

Mr John C. Conde AO

B.Sc. B.E(Hons), MBA

Chairman

Independent Non-Executive
Director

Appointed 25 February 2013

Experience and expertise

Mr Conde has extensive experience in business and commerce and in chairing high profile business, arts and sporting organisations.

Previous positions include non-executive Director of BHP Billiton, Chairman of Pacific Power (the Electricity Commission of NSW), Chairman of Events NSW, President of the National Heart Foundation and Chairman of the Pymble Ladies' College Council.

Current and other directorships in the last 3 years

Mr Conde is Chairman of Bupa Australia (since 2008) and The McGrath Foundation (since 2013 and Director since 2012). He is President of the Commonwealth Remuneration Tribunal (since 2003) and a director of Dexus Property Group ASX: DXS (since 2009). He is Deputy Chairman of Whitehaven Coal Limited ASX: WHC (since 2007).

Mr Conde is a former Chairman of Destination NSW (2011 – 2014) and the Sydney Symphony Orchestra (2007 – 2015) and is a former director of AFC Asian Cup (2015) (2012 – 2015).

Special Responsibilities

Mr Conde is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.

Mr David P. Maxwell

M.Tech, FAICD

Managing Director

Appointed 12 October 2011

Experience and expertise

Mr Maxwell is a leading oil and gas industry executive with more than 25 years in senior executive roles with companies such as BG Group, Woodside Petroleum Limited and Santos Limited. Mr. Maxwell has very successfully led many large commercial, marketing and business development projects.

Prior to joining Cooper Energy Mr Maxwell worked with the BG Group, where he was responsible for all commercial, exploration, business development, strategy and marketing activities in Australia and led BG Group's entry into Australia and Asia including a number of material acquisitions.

Mr Maxwell has served on a number of industry association boards, government advisory groups and public company boards.

Current and other directorships in the last 3 years

Mr Maxwell is a director of wholly owned subsidiaries of Cooper Energy Ltd.

Special Responsibilities

Mr Maxwell is responsible for the day to day leadership of Cooper Energy. He is the leader of the management team.

Director's Statutory Report

For the year ended 30 June 2016

1. Directors *continued*

Mr Hector M. Gordon

B.Sc. (Hons). FAICD

Executive Director

Appointed 26 June 2012

Experience and expertise

Mr Gordon is a very successful geologist with over 35 years of experience in the petroleum industry. Mr Gordon was previously Managing Director of Somerton Energy until it was acquired by Cooper Energy in 2012. Previously he was an Executive Director with Beach Energy Limited where he was employed for more than 16 years. In this time Beach Energy experienced significant growth and Mr Gordon held a number of roles including Exploration Manager, Chief Operating Officer and, ultimately, Chief Executive Officer. Mr. Gordon's previous employers also include Santos Limited, AGL Petroleum, TMOG Resources, Esso Australia and Delhi Petroleum Pty Ltd.

Current and other directorships in the last 3 years

Mr Gordon is a director of Bass Strait Oil Company Ltd ASX: BAS (since 2014) and various wholly owned subsidiaries of the Company. He is a former director of ERO Mining Limited (2011 – 2013).

Special Responsibilities

As a part-time executive of the Company, Mr Gordon is responsible for overseeing exploration and production activities and providing technical expertise in these areas. He is also Chairman of the HSEC Management Committee and the Indonesian Management Committee.

Mr Jeffrey W. Schneider

B.Com

Independent Non-Executive Director

Appointed 12 October 2011

Experience and expertise

Mr Schneider has over 30 years of experience in senior management roles in the oil and gas industry, including 24 years with Woodside Petroleum Limited. He has extensive corporate governance and board experience as both a non-executive director and chairman in resources companies.

Current and other directorships in the last 3 years

Mr Schneider is a former director of Comet Ridge Limited ASX: COI (2003 – 2014) and Green Rock Energy Limited ASX: GRK (2010 – 2013).

Special Responsibilities

Mr Schneider is Chairman of the Remuneration and Nomination Committees and member of the Audit and Risk Committee.

Ms Alice J. M. Williams

B.Com, FAICD, FCPA, CFA

Independent Non-Executive Director

Appointed 28 August 2013

Experience and expertise

Ms Williams has over 25 years of senior management and Board level experience in corporate, investment banking and Government sectors.

Ms Williams has been a consultant to major Australian and international corporations as a corporate advisor on strategic and financial assignments. Ms Williams has also been engaged by Federal and State based Government organisations to undertake reviews of competition policy and regulation. Prior appointments include Director of Airservices Australia, Telstra Sale Company, V/Line Passenger Corporation, State Trustees, Western Health and the Australian Accounting Standards Board.

Current and other directorships in the last 3 years

Ms Williams is a non-executive Director of Equity Trustees Ltd ASX: EQT (since 2007), Djerriwarrh Investments Ltd, Victorian Funds Management Corporation (since 2008), Barristers Chambers Ltd (since 2015), the Foreign Investment Review Board (since 2015), Guild Group, Defence Health and Port of Melbourne Corporation. Ms Williams is a former council member of the Cancer Council of Victoria.

Special Responsibilities

Ms Williams is Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Director's Statutory Report

For the year ended 30 June 2016

2. Company secretaries

Ms Alison Evans B.A., LLB was appointed to the position of Company Secretary and Legal Counsel on 25 February 2013. Ms Evans is an experienced company secretary and corporate legal counsel with extensive knowledge of corporate and commercial law in the resources and energy sectors. Ms Evans has been Company Secretary and/or Legal Counsel in a number of minerals and energy companies including Centrex Metals, GTL Energy and AGL. Ms Evans' public company experience is supported by her work at leading corporate law firms.

Mr Jason de Ross was appointed to the position of Company Secretary on 25 November 2013. Mr de Ross has over 20 years' experience in finance, treasury, strategy, risk and commercial management, mostly in the construction, energy and resources sectors. Prior to joining Cooper Energy as CFO he was employed by OZ Minerals as Group Manager Commercial Operations and was previously Group Commercial Manager and Treasurer with the Futuris/Elders Group.

3. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors during the financial year are:

Director	Board Meetings		Audit & Risk Committee Meetings		Remuneration and Nomination Committee Meetings	
	A	B	A	B	A	B
Mr J. Conde AO	11	11	4	4	3	3
Mr D. Maxwell	11	11	-	-	-	-
Mr H. Gordon	11	11	-	-	-	-
Mr J. Schneider	11	11	4	4	3	3
Ms A. Williams	11	11	4	4	3	3

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office, or was a member of the committee, during the year

4. Remuneration Report

Information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2016 is set out in the Remuneration Report.

The information in this Report has been audited as required by the Corporations Act 2001 (Cth) and forms part of the Directors' Report.

4.1 Remuneration Overview

The impact of, and response to, lower oil prices has been a focus of the Company during the reporting period. The Directors have ensured that the Company's overall remuneration philosophy has been followed so that remuneration maintains alignment with shareholder interest, remains market competitive and continues to provide significant incentive to deliver superior performance as the Company delivers on its strategic goals, in particular to build its gas business.

Key Highlights for Remuneration in FY16

The Company implemented various initiatives to reduce costs in the lower oil price environment including employment costs. These included some employees agreeing to reduce their working hours and not filling some vacant positions while the Company undertook a review of its human resources needs as it advanced its Gippsland Basin gas projects in the later part of the reporting period.

In recognition of the lower oil price environment and to support employees in their efforts to reduce costs, the non-executive directors also reduced their directors' fees by 10% from 1 December 2015.

Shareholders approved a new Equity Incentive Plan (EIP) at the 2015 AGM to better align the Company's long-term incentive plan with its current strategy, objectives and current peer group market practice. The EIP was implemented during the reporting period. Key features of the long-term incentive arrangements are set out in the table on page 43.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.1 Remuneration Overview *continued*

Remuneration actually delivered to Executives for FY16 (not audited)

The Company believes that reporting remuneration actually delivered to Executives is useful to shareholders and provides clear and transparent disclosure of remuneration provided by the Company. The following table shows remuneration actually delivered to the Executives during the reporting period. This information is non-IFRS and is in addition to and different from the disclosures required by the Corporations Act and Accounting Standards, in the rest of the Remuneration Report and the tables in sections 4.14 and 4.15, and is not audited.

Name	Year	Fixed Remuneration ¹ \$	STIP ² \$	LTIP ³ \$	Other ⁴ \$	Total \$
Executive Directors						
Mr D. Maxwell	2016	650,000	275,000	93,907	83,349	1,102,256
	2015	645,000	422,100	465,480	82,810	1,615,390
Mr H. Gordon ⁵	2016	219,502	80,500	51,922	6,373	358,297
	2015	223,736	180,370	-	6,134	410,240
Executives						
Mr A. Thomas	2016	375,123	96,000	78,681	5,824	555,628
	2015	396,408	112,283	-	6,248	514,939
Mr J. de Ross	2016	335,276	85,000	28,433	6,373	455,082
	2015	351,719	110,559	-	6,025	468,303
Ms A. Evans ⁶	2016	176,089	47,500	9,419	6,236	239,244
	2015	187,024	55,989	-	6,025	249,038
Mr I. MacDougall	2016	382,025	87,000	-	6,419	475,444
	2015	379,019	48,277	-	6,114	433,410
Mr E. Glavas	2016	281,190	62,000	-	6,373	349,563
	2015	241,902	5,000	-	5,112	252,014

1. 'Fixed Remuneration' comprises base salary and superannuation.

2. 'STIP' is the amount of the STIP cash bonus that was actually paid to the Executive during the 2016 financial year in respect of performance in the 2015 financial year. For the value of the STIP calculated in accordance with the Accounting Standards, see the tables in Section 4.14 and Section 4.15.

3. The figures in this 'LTIP' column show the pre-tax value of performance rights which vested during the reporting period, calculated based on the share price on the date the performance rights were vested. For the value of the LTIP calculated in accordance with the Accounting Standards, see the tables in Section 4.14 and Section 4.15.

4. 'Other' short-term benefits include fringe benefits on accommodation, car parking and other benefits.

5. Mr Gordon works part-time (0.5 full time equivalent) and accordingly his entitlements are prorated.

6. Ms Evans works part-time (0.7 full time equivalent for 4 months and 0.6 full time equivalent for 8 months) and accordingly her entitlements are prorated.

Key Developments for Remuneration in FY17

Cooper Energy employees who have the opportunity to participate in the EIP (being key management personnel and other senior technical staff) have agreed to a 10% reduction to their annual base salaries commencing from 1 July 2016.

Staff who no longer participate in the long-term incentive scheme will be issued performance rights as deferred STIP for the first time in accordance with the changes to the long-term incentive plan implemented during the reporting period.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.2 Key Management Personnel (KMP)

The following were KMP of the Group during the whole of the reporting period:

Non-Executive Directors	Executive Directors
Mr J. Conde AO (Chairman)	Mr D. Maxwell (Managing Director)
Mr J. Schneider	Mr H. Gordon (Executive Director Production and Exploration)
Ms A. Williams	

Executives

Mr J. de Ross (Chief Financial Officer and Company Secretary)
Ms A. Evans (Company Secretary and Legal Counsel)
Mr A. Thomas (Exploration Manager)
Mr I. MacDougall (Operations Manager)
Mr E. Glavas (Commercial and Business Development Manager)

4.3 Remuneration Philosophy and Objectives

The Company is committed to a remuneration philosophy that rewards consistent and sustainable individual performance and superior corporate performance.

Cooper Energy's approach towards remuneration aims to ensure that an appropriate balance is achieved among:

- maximising sustainable shareholder returns;
- operational and strategic requirements; and
- providing attractive and appropriate remuneration packages.

The primary objectives of the Company's remuneration policy are to:

- attract and retain high-calibre employees;
- ensure that remuneration is fair and competitive with both peers and competitor employers;
- provide significant incentive to deliver superior performance (when compared to peers) against Cooper Energy's strategy and key business goals;
- achieve the most effective returns (employee productivity) for total employee spend; and
- ensure remuneration transparency and credibility for all employees and in particular for KMP.

It is the Company's policy to pay fixed remuneration at the median level of the market for the oil and gas sector and supplement this with the opportunity to earn performance based remuneration. This is intended to bring the overall total remuneration package to the upper quartile of the market only when top level performance is achieved.

4.4 Remuneration Framework

Remuneration for Non-Executive Directors consists of Directors' fees and statutory superannuation only, and for employees (including Executive Directors) consists of base salary, statutory superannuation, short-term incentives, other short-term benefits and long term incentives.

Remuneration is determined by reference to market conditions and comparisons (e.g. benchmark reports). It is determined in conjunction with an annual review of the performance of Executive Directors, Executives and other employees of the Company. Performance of the Directors of the Company, including the Managing Director, is evaluated by the Board, who may be assisted by the Remuneration & Nomination Committee. The Managing Director reviews the performance of Executives with the assistance of the Remuneration & Nomination Committee. These evaluations take into account criteria such as the contribution toward the Company's performance benchmarks and the achievement of individual performance objectives.

During the reporting period, the Board obtained and used independent Australian hydrocarbon industry remuneration data to benchmark remuneration rates for all employees (see also Section 4.10).

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.5 Remuneration & Nomination Committee

The Company's Remuneration & Nomination Committee (comprised during the reporting period of 3 Non-Executive Directors, all of whom are independent) makes recommendations to the Board regarding remuneration strategies and policies in relation to KMP. The Committee assesses annually the nature and amount of Executive remuneration by reference to relevant employment market conditions and third party remuneration benchmark reports. The Committee determines remuneration arrangements in conjunction with the annual performance reviews of the Executives.

4.6 Nature and amount of Non-Executive Director remuneration

Non-Executive Directors are remunerated solely by way of fees and statutory superannuation and their remuneration is reviewed annually to ensure that the fees reflect the demands on, and responsibilities of, such Directors. Non-Executive Directors do not receive any performance related remuneration.

Remuneration paid to the Non-Executive Directors was reduced by 10% from 1 December 2015, by agreement of the Non-Executive Directors in recognition of the lower oil price environment and the changes that staff were making to their own work arrangements. Remuneration paid to the Non-Executive Directors for the reporting period and for the previous reporting period is shown in the table in Section 4.14.

The maximum aggregate remuneration pool for Non-Executive Directors, as approved by shareholders at the Company's 2014 Annual General Meeting, is \$750,000 per annum. This pool is not currently fully utilised.

The Company has entered into written letters of appointment with its Non-Executive Directors. The term of the appointment of a Non-Executive Director is determined in accordance with the Company's Constitution and is subject to the provisions of the Constitution dealing with retirement, re-election and removal of Non-Executive Directors. The Constitution provides that all Non-Executive Directors of the Company are subject to re-election by shareholders by rotation every three years.

The Company has entered into deeds of indemnity, insurance and access with each of the Non-Executive Directors under which the Company will, on the terms set out in the deed, provide an indemnity, maintain an appropriate level of Directors' & Officers' indemnity insurance and provide access to Company records.

4.7 Nature and amount of Executive (including Executive Director) remuneration

Executive remuneration during the reporting period consisted of:

- base salary including statutory superannuation;
- short-term incentive plan (being performance based cash bonuses);
- other short-term benefits; and
- long-term incentive plan (currently comprising the award of performance rights and share appreciation rights under the Company's Equity Incentive Plan (EIP)).

Remuneration payable to the Executive Directors, and the Executives, for the reporting period, and for the previous reporting period, is shown in the tables in Sections 4.14 and 4.15 in accordance with the Corporations Act and Accounting Standards, and each of the above remuneration components is discussed further below.

Fixed Remuneration - Base salary and superannuation

Base salary is paid in cash and is not at risk (other than by termination). The Company pays statutory superannuation contributions on behalf of the Executives.

Executives are paid base salaries which are competitive in the markets in which the Company operates and consistent with the remuneration philosophy. Individual base salary is set each year based on job description, competitive market salary information sourced by the Company and overall competence of the Executive in fulfilling the requirements of the particular role.

The Company benchmarks Executive base salaries against hydrocarbon industry market surveys which are published annually. Additionally, the pay levels of Executive positions in the Company may be benchmarked against national market executive remuneration surveys. It is the Company's policy to position itself at the median level of the market when benchmarking base salaries.

The Company's base salary review process is performed annually and takes into consideration factors such as market benchmark changes, changes in individual responsibility, individual performance, the performance of the Company and relevant economic indicators. Overall changes will typically reflect market benchmark changes, with individual changes varying according to an assessment of individual performance and responsibilities.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.7 Nature and amount of Executive (including Executive Director) remuneration *continued*

Short-term incentive plan (STIP)

The short-term incentive plan (STIP) award is made by way of a cash bonus.

All performance criteria under the STIP are relevant to the Company's strategic objectives and designed to incentivise Executives to meet goals which enhance shareholder value. Performance criteria are challenging and maximum award opportunities are only achieved by outstanding performance. Each year the Board reviews and approves the performance criteria for the year ahead.

The maximum short-term incentive award opportunities for Executives are as follows:

Position	Maximum opportunity as percentage of base salary (including superannuation)
Managing Director	100%
Executive Director	75%
Executives	50%

The relative weighting of Company and individual performance varies dependant on the level of the Executive and is as follows:

Position	Company Performance	Individual Performance
Managing Director	80%	20%
Executive Director	75%	25%
Executives	70%	30%

The measurement of Company performance is based on the achievement of key performance indicators (KPIs) set out in a Company scorecard. The KPIs focus on the core elements the Board believes are needed to successfully deliver Company strategy and maximise sustainable shareholder returns. Personal performance is measured against performance criteria agreed between the Executive and Cooper Energy each year.

In the financial year 2016, the scorecard KPIs and their relative weightings were as follows:

STIP Key Performance Indicators	%	Rationale for choosing KPI
HSEC performance	20	Care is a core value for Cooper Energy - prioritising safety, health the environment and community.
Increased production from existing permits	20	Oil production generates cash flow for the Company which underpins its other activities.
Growth in reserves and resources	45	Growth in oil and gas reserves and production are at the heart of Cooper Energy's business. Growth in Cooper Energy's gas portfolio is a key element of the Company's eastern States gas strategy.
Key gas strategy milestones		
Acquisitions and divestments		
Cost management	15	These are enablers to support the Company's other key drivers in an efficient and cost effective way. By including risk management KPIs, it is made clear to employees that excessive risk taking is not rewarded or encouraged when pursuing incentive awards.
Processes and risk management		
Relationships – external and internal		
Funding		

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.7 Nature and amount of Executive (including Executive Director) remuneration *continued*

For each KPI in the scorecard, a base or threshold performance level is established the measure for which will be articulated in the scorecard as well as a target, stretch target and super stretch target performance level. The measures will be set in accordance with the following objectives:

Threshold	Measure	STIP Award as % of maximum opportunity
Base	Level of performance that is expected to be achieved and is nearly at target level	0
Target	This is a challenging and achievable level of performance	50
Stretch	Excellent performance - doing better than target and consistent with leading peers	75
Super stretch	Outstanding performance - doing better than, or best in class, when compared to peers	100

The Board assesses performance against the scorecard each year. Average weighted performance of the total scorecard is the sum of the performance assessed for each item multiplied by the weighting for each item.

STIP payments, if any, are made in October each year. Therefore any STIP payments for the year ended 30 June 2016 will be paid in October 2016. Irrespective of the scorecard outcome, payment of any STIP is entirely at the discretion of the Board.

STIP payments made to Executive Directors, and Executives, during the reporting period, and during the previous reporting period, are shown in the tables in Sections 4.14 and 4.15 in accordance with the Corporations Act and Accounting Standards.

Other short-term benefits

Other short-term benefits for Executives include fringe benefits on car parking, accommodation and other benefits as set out in the table in Section 4.15.

Long-term incentive plan

The Company believes that encouraging its employees, including Executives, to become shareholders is the best way of aligning their interests with those of the Company's shareholders. Having a LTIP is also intended to be a retention incentive for employees (with a vesting period of at least 3 years before securities under the plan are available to employees).

In this reporting period, the LTIP involved grants of performance rights and share appreciation rights under the Equity Incentive Plan approved by shareholders at the 2015 AGM (EIP). It is proposed that future grants will be made under the EIP. Prior to 2015, the LTIP involved awards of performance rights made under the long-term incentive plan which was in operation since 2011 (2011 Plan).

The key features of each plan are set out in the following table:

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.7 Nature and amount of Executive (including Executive Director) remuneration *continued*

Plan Feature	2011 Plan	EIP
Vehicle	Performance Rights	A combination of Performance Rights, Share Appreciation Rights (SARs) and/or Options (as determined by the board). ³ Rationale: <i>This gives the Board flexibility to use the vehicle appropriate to the Company's objectives at the time of grant. The Board issued 50% SARs and 50% Performance Rights in 2015.</i>
Maximum award opportunity for Executives (% of fixed annual remuneration)	Managing Director	120%
	Executive Director	95%
	Executives	70%
	Senior technical employee	50%
	Staff	30%
Performance Period	33% 1 year	100% 3 - 4 years (3 years plus 1 retest at 4 years – see below). Rationale: <i>A longer measurement period reflects the Company's desire to create consistent and sustained shareholder returns over the measurement period.</i>
	33% 2 years	
	33% 3 years	
Vesting Period	3 years	3 – 4 years (3 years plus 1 retest at 4 years – see below).
Performance measures (Non-market)	None (incorporated in STIP)	None (incorporated in STIP)
Performance Measures (Market) and Vesting criteria	25% Absolute TSR < 5% zero vests =5% 25% vests =15% 50% vests > 25% 100% vests	0% Absolute TSR however no SARs will be exercisable unless the share price appreciates over the measurement period. 100% Relative TSR
	75% Relative TSR Ranked out of 9: Rank <5 zero vests Rank 5, 50% vests Rank 3 or 4, partial vesting Rank 1 or 2, 100% vests (this is equivalent to 75th percentile 100% vests)	
		<50th percentile = 0% vesting = 50th percentile = 30% vesting >50th percentile and < 90th percentile = prorata vesting = or >90th percentile = 100% vesting Rationale: <i>Absolute shareholder returns measures can be influenced by factors over which the Company has no control such as the volatility in oil price. Relative measures ensure that maximum incentives are only achieved if Cooper Energy's performance exceeds that of its peers.</i>

³ **Performance right** – a right granted for nil consideration which, on vesting, will result in the employee being entitled to one share in the Company (for nil consideration) or the cash equivalent.

Share Appreciation Right (SAR) – a right granted for nil consideration which, on vesting, will result in the employee being entitled to an amount equal to the difference in value in the Company share price between the grant date and vesting date, settled in cash or shares in the Company (for nil consideration).

Option – a right granted for nil consideration which, on vesting and subject to exercise of the option (including payment of any applicable exercise price), will result in the employee being entitled to one share in the Company for each option exercised (for nil consideration) or the cash equivalent.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.7 Nature and amount of Executive (including Executive Director) remuneration *continued*

Plan Feature	2011 Plan	EIP
Relative TSR peer group	8 peer group companies: Beach Energy Limited; Senex Energy Limited; Drillsearch Energy Limited; Tap Oil Limited; Cue Energy Resources Limited; Central Petroleum Limited, AWE Limited and Icon Energy Limited.	12 peer group companies: Beach Energy Limited; Senex Energy Limited; Blue Energy Limited; Tap Oil Limited; Central Petroleum Limited, AWE Limited, Icon Energy Limited, Buru Energy Limited, Carnarvon Petroleum Limited, Strike Energy Limited, Empire Oil & Gas NL and Horizon Oil Limited. Rationale: <i>Comparable peers for Cooper Energy are limited, however independent advice to the Company was that an extended peer group is more appropriate.</i>
Re-testing	Annually following initial test up until 3 years.	1 retest only 12 months after original 3 year test date. Rationale: <i>A retest has been retained but in the context of a longer measurement and vesting period. A retest is considered to be justified because the Company's growth is dependent on development of projects that will likely take greater than 3 years from conception to start-up.</i>
Vesting	Vesting to the extent applicable after performance criteria are met.	Vesting to the extent applicable after performance criteria are met.
Clawback	Any unvested rights will not vest if the Board determines that the employee has acted fraudulently, dishonestly or in breach of the employee's obligations.	Any unvested rights will not vest if the Board determines that the employee has acted fraudulently, dishonestly or in breach of the employee's obligations.
Grant frequency	Annual.	Annual.
Change of control provisions	Board discretion.	Prorata vesting based on service and performance.
Eligibility to participate	All employees.	Management and senior staff Rationale: <i>Decisions regarding longer term Company growth are more relevant for management and senior employees. Staff taken out of the LTIP will be given the opportunity to become shareholders by receiving a deferred component of a STIP which will be paid in equity.</i>
Dilution caps	2% for each tranche. 5% total on issue (excluding KMP).	5% total on issue (excluding KMP). Rationale: <i>5% is the required threshold under ASIC Class Order disclosure relief relating to employee incentive schemes.</i>

4.8 Relationship between remuneration framework and Company performance

The Company's remuneration policy seeks to encourage alignment between the performance of the Company and the remuneration of Executives.

It is the Company's policy that the performance based (or at risk) pay of Executives forms a significant portion of their total remuneration. In addition, within performance based pay, an appropriate balance is targeted between rewarding long-term sustainable performance (through the long-term incentive plan) and rewarding operational performance (through the short-term incentive cash bonuses).

The oil and gas industry is a specialised industry in which highly skilled workers are usually both mobile and highly sought after in Australia and overseas. The Company competes for talent with much larger organisations, often able to pay higher base salaries. It is important that the Company attracts people motivated and aligned to doing all they can to deliver top level performance whilst being mindful of effective employee cost management. In order to attract, motivate, reward and retain the right employees, it is the Company's policy to pay fixed remuneration at the median level of the market, and supplement this with the opportunity to earn performance based remuneration to bring the overall total remuneration package to the upper quartile level of the market only when top level performance is achieved.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.8 Relationship between remuneration framework and Company performance *continued*

The Company's remuneration profile for Executives is as follows:-

Remuneration Element	Expressed as percentage of base remuneration at target level performance			Expressed as percentage of base remuneration at maximum (super stretch) level performance		
	Managing Director	Executive Director	Executives	Managing Director	Executive Director	Executives
Base	100%	100%	100%	100%	100%	100%
STIP	50%	38%	25%	100%	75%	50%
LTIP ⁴	120%	95%	70%	120%	95%	70%
Total	270%	233%	195%	320%	270%	220%

Company performance – STIP and 2011 Plan results

For the reporting period to 30 June 2016, the Company's performance was measured against Company KPIs which were set out in a scorecard and weighted (as described in Section 4.7 above). The preliminary scorecard results indicate that the Company met or exceeded a number of its STIP KPIs but did not meet others:

STIP KPIs	2016 Financial Year Performance	Comment
HSEC Performance	Super Stretch	0.0 Total Recordable Case Frequency Rate and a 0.0 Lost Time Injury Frequency Rate over the 2016 Financial Year. This is an excellent result and much better than industry benchmarks. Environmental and community targets were also exceeded.
Increased production from existing assets	Below Base	The lower oil price environment resulted in no drilling being undertaken and therefore total production was not increased from existing assets.
Growth in reserves and resources	Target	Good progress was made in each of the key areas, particularly in relation to the Gippsland Basin gas projects. The Company increased its contingent and prospective resources, secured Heads of Agreement for gas sales and is near to completing FEED for development of the Sole gas project. The Company is on target to divest the international assets.
Key gas strategy milestones		
Acquisitions and divestments	Stretch	Diligent management of costs and the oversubscribed capital-raising significantly improved the financial position of the Company. The Company's processes have proven to be fit for purpose and staff are genuinely engaged and committed to safely delivering on our strategy.
Cost management		
Processes and Risk Management		
Stakeholder Relationships		

The overall performance will be assessed by the Board. The score, in conjunction with individual performance reviews, will form the basis of individual STIP payments in October 2016.

As described in Section 4.7 above, the LTIP aligns the rewards received by participants with the longer term performance of the Company including by measuring the total shareholder returns against that of its peers.

⁴ Reflects LTIP granted however may not necessarily reflect the amount that will ultimately vest and be exercised.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.8 Relationship between remuneration framework and Company performance *continued*

The Company's absolute shareholder return and relative shareholder return for the vesting period for performance rights granted on 2 August 2012 (2012 Award (1)), 10 December 2012 (2012 Award (2)) and 1 May 2013 (2013 Award) were tested for the final time during the reporting period in accordance with the 2011 Plan rules. The results for the period are as follows:

	Number Performance Rights Vested	Number Performance Rights Cancelled	% vested over 3 year measurement period
2012 Award (1)	180,553	72,427	71
2012 Award (2)	1,588,437	3,583,905	31
2013 Award	66,902	200,705	25

4.9 Employment contracts

Mr David Maxwell – Managing Director

Mr Maxwell commenced as Managing Director on 12 October 2011 under a contract of employment. The initial term of the Managing Director's contract expired on 10 October 2014 and was renewed to now end on 10 October 2017.

The Company may terminate the contract by providing twelve months written notice or payment in lieu of notice. The Company may also terminate the contract immediately for cause. Mr Maxwell may terminate the contract by providing 6 months' written notice.

Mr Hector Gordon – Executive Director Exploration and Production

Mr Gordon commenced as Executive Director Exploration and Production on 26 June 2012 under a contract of employment. The initial term of Mr Gordon's contract expired on 24 June 2015 and was renewed to now end on 24 June 2017. From 1 March 2014, Mr Gordon's role has been part-time (0.5 full time equivalent). Mr Gordon continues to provide oversight of the exploration and production business.

Mr Gordon or the Company may terminate the contract by providing six months' written notice or payment in lieu of notice. The Company may also terminate the contract immediately for cause.

Deeds of indemnity

The Company also entered into deeds of indemnity, insurance and access with each of the Executive Directors under which the Company will, on the terms set out in the deed, provide an indemnity, maintain an appropriate level of Directors' & Officers' indemnity insurance and provide access to Company records.

Executives

The Company has entered into a contract of employment with each Executive. The term of each contract continues until termination. The Company may terminate the contract by providing six months' notice or payment in lieu of notice. The Company may also terminate the contract immediately for cause. The Executive may terminate the contract by providing 3 months' written notice.

4.10 External remuneration advisers

During the reporting period, the Remuneration & Nomination Committee engaged Strategic Human Resources Pty Ltd (SHR) to benchmark salaries for all employees, including Executives. This involved the review and application of remuneration data sourced from National Rewards Group Inc. Fees payable to SHR for services to 30 June 2016 totalled \$3,790. Annual membership fees payable to National Rewards Group were \$4,785.

In addition, the Remuneration & Nomination Committee engaged Guerdon Associates to provide advice to the Board regarding the Company's new equity incentive plan. Fees payable to Guerdon Associates for services to 30 June 2016 totalled \$9,867.

The Board is satisfied that all remuneration advice received was provided free from undue influence by any KMP to whom the advice related.

4.11 Accounting for performance rights

The value of the performance rights issued under the 2011 Plan and EIP is recognised as Share Based Payments in the Company's statement of comprehensive income and amortised over the vesting period.

Performance rights and share appreciation rights were granted under the EIP on 28 September 2015. The performance rights and share appreciation rights were granted for no consideration and the employee received no cash benefit at the time of receiving the rights. The cash benefit will be received by the employee following the sale of the resultant shares, which can only be achieved after the rights have been vested and the shares are issued.

Performance rights and share appreciation rights granted under the EIP were valued by an independent consultant who applied the Monte Carlo simulation model to determine the probability of achievement of the absolute shareholder total return (ASTR), and relative shareholder total return (RSTR), performance conditions (as described in Section 4.6 above).

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.11 Accounting for performance rights *continued*

The value of performance rights and share appreciation rights shown in the tables below are the accounting fair values for grants in the reporting period:

	Performance Rights (2011 Plan)				Performance Rights (EIP)				Share Appreciation Rights (EIP)			
	No. of rights granted during reporting period	Fair value of rights at grant date	No. of rights vested during reporting period	% of rights vested to 30 June 2016	No. of rights granted during reporting period	Fair value of rights at grant date	No. of rights vested during reporting period	% of rights vested to 30 June 2016	No. of rights granted during reporting period	Fair value of rights at grant date	No. of rights vested during reporting period	% of rights vested to 30 June 2016
Executive Directors												
Mr D. Maxwell	Nil	-	494,247	34	2,228,571	\$291,943	Nil	0	6,290,332	\$390,000	Nil	0
Mr H. Gordon	Nil	-	273,274	14	645,810	\$84,601	Nil	0	1,822,850	\$113,017	Nil	0
Executives												
Mr A. Thomas	Nil	-	347,590	20	796,722	\$104,371	Nil	0	2,248,812	\$139,426	Nil	0
Mr J. de Ross	Nil	-	149,647	11	709,017	\$92,881	Nil	0	2,001,259	\$124,078	Nil	0
Ms A. Evans	Nil	-	38,446	6	383,370	\$50,221	Nil	0	1,082,094	\$67,090	Nil	0
Mr I. MacDougall	Nil	-	Nil	0	764,050	\$100,091	Nil	0	2,156,592	\$133,709	Nil	0
Mr E. Glavas	Nil	-	Nil	0	567,810	\$74,387	Nil	0	1,602,774	\$99,372	Nil	0

The vesting date of the performance rights granted on 15 December 2015 is 14 December 2019. The fair value of these rights is \$0.131 per right. These performance rights have a commencement date of 28 September 2015.

The vesting date of the share appreciation rights granted on 15 December 2015 is 14 December 2019. The fair value of these rights is \$0.062 per right. These share appreciation rights have a commencement date of 28 September 2015.

4.12 Additional remuneration disclosures

Movement in performance rights

The movement during the reporting period in the number of performance rights granted but not exercisable over ordinary shares in Cooper Energy held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Performance Rights (2011 Plan)	Held at 1 July 2015	Granted	Lapsed	Vested & Exercised	Held at 30 June 2016
Directors					
Mr D. Maxwell	4,231,293	-	823,745	494,247	2,913,301
Mr H. Gordon	1,998,817	-	455,457	273,274	1,270,086
Executives					
Mr A. Thomas	1,745,957	-	350,822	347,590	1,047,545
Mr J. de Ross	1,325,582	-	249,412	149,647	926,523
Ms A. Evans	629,211	-	115,336	38,446	475,429
Mr I. MacDougall	808,722	-	-	-	808,722
Mr E. Glavas	338,039	-	-	-	338,039

The performance rights lapsed during the period noted in the table above were granted in July 2012, December 2012 and May 2013.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.12 Additional remuneration disclosures *continued*

Performance Rights (2011 Plan)	Held at 1 July 2014	Granted	Lapsed	Vested & Exercised	Held at 30 June 2015
Executive Directors					
Mr D. Maxwell	4,430,269	1,448,737	164,001	1,483,712	4,231,293
Mr H. Gordon	1,578,992	419,825	-	-	1,998,817
Executives					
Mr A. Thomas	1,228,028	517,929	-	-	1,745,957
Mr J. de Ross	864,668	460,914	-	-	1,325,582
Ms A. Evans	389,577	239,634	-	-	629,211
Mr I. MacDougall	312,033	496,689	-	-	808,722
Mr E. Glavas	-	338,039	-	-	338,039

Performance Rights (EIP)	Held at 1 July 2015	Granted	Lapsed	Vested & Exercised	Held at 30 June 2016
Executive Directors					
Mr D. Maxwell	-	2,228,571	-	-	2,228,571
Mr H. Gordon	-	645,810	-	-	645,810
Executives					
Mr A. Thomas	-	796,722	-	-	796,722
Mr J. de Ross	-	709,017	-	-	709,017
Ms A. Evans	-	383,370	-	-	383,370
Mr I. MacDougall	-	764,050	-	-	764,050
Mr E. Glavas	-	567,840	-	-	567,840

Share Appreciation Rights (EIP)	Held at 1 July 2015	Granted	Lapsed	Vested & Exercised	Held at 30 June 2016
Executive Directors					
Mr D. Maxwell	-	6,290,332	-	-	6,290,332
Mr H. Gordon	-	1,822,850	-	-	1,822,850
Executives					
Mr A. Thomas	-	2,248,812	-	-	2,248,812
Mr J. de Ross	-	2,001,259	-	-	2,001,259
Ms A. Evans	-	1,082,094	-	-	1,082,094
Mr I. MacDougall	-	2,156,592	-	-	2,156,592
Mr E. Glavas	-	1,602,774	-	-	1,602,774

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.12 Additional remuneration disclosures *continued*

Movement in shares

The movement during the reporting period in the number of ordinary shares in Cooper Energy held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:-

	Held at 1 July 2015	Purchases	Received on vesting of performance rights	Sales	Held at 30 June 2016
Directors					
Mr J. Conde AO	250,000	22,728	-	-	272,728
Mr D. Maxwell	2,746,902	68,184	494,247	-	3,309,333
Mr H. Gordon	173,608	22,728	273,274	-	469,610
Mr J. Schneider	300,000	22,728	-	-	322,728
Ms A. Williams	30,000	22,728	-	-	52,728
Executives					
Mr J. de Ross	200,000	22,728	149,647	-	372,375
Mr A. Thomas	-	13,637	347,590	-	361,227
Ms A Evans	-	22,728	38,446	-	61,174
	Held at 1 July 2014	Purchases	Received on vesting of performance rights	Sales	Held at 30 June 2015
Directors					
Mr J. Conde AO	250,000	-	-	-	250,000
Mr D. Maxwell	1,263,190	-	1,483,712	-	2,746,902
Mr H. Gordon	173,608	-	-	-	173,608
Mr J. Schneider	300,000	-	-	-	300,000
Ms A. Williams	-	30,000	-	-	30,000
Executives					
Mr J. de Ross	200,000	-	-	-	200,000

4.13 Options

No options were issued (or forfeited) during the year.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.14 Table of Directors' remuneration for 2015 and 2016 financial years

		Benefits					Share Based Payment ^(c)	Total
		Short-term			Long Term	Post Employment		
		Base Salary & Fees	STIP	Other Short-term Benefits ^(a)	Long Service Leave	Superannuation ^(b)		
Directors	\$	\$	\$	\$	\$	\$	\$	
Mr J. Conde AO	2016	137,595	-	-	-	13,072	-	150,667
Appointed as Chairman on 25/02/13	2015	146,119	-	-	-	13,881	-	160,000
Mr J. Schneider	2016	81,697	-	-	-	7,761	-	89,458
Appointed as Non-Executive Director on 12/10/11	2015	86,758	-	-	-	8,242	-	95,000
Mr D. Maxwell	2016	630,692	342,388	83,350	-	19,308	517,092	1,592,830
Appointed as Managing Director on 12/10/11	2015	626,217	509,713	82,810	-	18,783	491,800	1,729,323
Mr H. Gordon	2016	200,194	93,997	6,373	-	19,308	220,606	540,478
Appointed as Executive Director on 26/06/12 (0.5 FTE from 01/03/14)	2015	204,953	139,901	6,134	-	18,783	215,518	585,289
Ms A. Williams	2016	81,697	-	-	-	7,761	-	89,458
Appointed as Non-Executive Director on 28/08/13	2015	86,758	-	-	-	8,242	-	95,000

a) Other short-term benefits include fringe benefits on accommodation, car parking and other benefits.

b) Superannuation includes the amounts required to be contributed by the Company and does not include amounts salary sacrificed.

c) In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity-linked compensation determined as at the grant date of the performance rights and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that may ultimately be realised should the equity instruments vest. The value of the performance rights was determined in accordance with AASB 2 Share-based Payments and is discussed in Section 4.11 above and in more detail in Note 26 of the Notes to the Financial Statements. None of the performance rights issued vested and no payments were made for performance rights during the current financial year.

Director's Statutory Report

For the year ended 30 June 2016

4. Remuneration Report (Audited) *continued*

4.15 Table of Executives' remuneration for 2015 and 2016 financial years

		Benefits					Share Based Remuneration ^(c)	Total
		Short-term		Other Short-term Benefits ^(a)	Long Term	Post Employment		
		Base Salary	STIP		Long Service Leave	Superannuation ^(b)		
Executives		\$	\$	\$	\$	\$	\$	
Mr A. Thomas <small>Commenced as Exploration Manager on 01/07/12</small>	2016	355,815	98,798	5,824	-	19,308	186,377	666,122
	2015	377,625	153,256	6,248	-	18,783	179,910	735,822
Mr J. de Ross <small>Commenced as Chief Finance Officer on 27/09/12 and as Company Secretary on 25/11/13</small>	2016	315,968	87,922	6,373	-	19,308	162,930	592,501
	2015	332,936	135,551	6,025	-	18,783	126,734	620,029
Ms A. Evans <small>Commenced as Company Secretary and Legal Counsel (0.7 FTE) on 21/02/13</small>	2016	156,781	46,278	6,236	-	19,308	81,046	309,649
	2015	168,241	67,961	6,025	-	18,783	46,326	307,336
Mr I. MacDougall <small>Commenced as Operations Manager 02/02/14</small>	2016	362,717	100,616	6,419	-	19,308	128,013	617,073
	2015	360,236	146,660	6,114	-	18,783	56,180	587,973
Mr E. Glavas <small>Commenced as Commercial and Business Development Manager 04/08/14</small>	2016	261,882	74,777	6,373	-	19,308	65,299	427,639
	2015	224,684	97,799	5,112	-	17,218	12,752	357,565

a) Other short-term benefits include fringe benefits on accommodation, car parking and other benefits.

b) Superannuation includes the amounts required to be contributed by the Company and does not include amounts salary sacrificed.

c) In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity-linked compensation determined as at the grant date of the performance rights and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that may ultimately be realised should the equity instruments vest. The value of the performance rights was determined in accordance with AASB 2 Share-based Payments and is discussed in Section 4.11 above and in more detail in Note 26 of the Notes to the Financial Statements. None of the performance rights issued vested and no payments were made for performance rights during the current financial year.

End of remuneration report.

Director's Statutory Report

For the year ended 30 June 2016

5. Principal activities

Cooper Energy is an upstream oil and gas exploration and production company whose primary purpose is to secure, find, develop, produce and sell hydrocarbons. These activities are undertaken either solely or via unincorporated joint ventures. There was no significant change in the nature of these activities during the year.

6. Operating and financial review

Information on the operations and financial position of Cooper Energy and its business strategies and prospects is set out in the Operating and Financial Review.

7. Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividends since the end of the previous financial year, or to the date of this report.

8. Environmental regulation

The Group is a party to various exploration and development licences or permits. In most cases, the licence or permit terms specify the environmental regulations applicable to oil and gas operations in the respective jurisdiction. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no significant known breaches of the environmental obligations of the Group's licences.

9. Likely developments

Other than disclosed elsewhere in the Financial Report (including the Operating and Financial Review under the heading "Outlook"), further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the consolidated entity.

10. Directors' interests

The relevant interest of each Director in ordinary shares and options over shares issued by the parent entity as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Cooper Energy Limited		
	Ordinary Shares	Performance Rights	Share Appreciation Rights
Mr J. Conde AO	272,728	-	-
Mr D. Maxwell	3,309,333	5,141,872	6,290,322
Mr H. Gordon	469,610	1,915,896	1,822,850
Mr J. Schneider	322,728	-	-
Ms A. Williams	52,728	-	-

11. Share options and rights

At the date of this report, there are no unissued ordinary shares of the parent entity under option.

At the date of this report, there are 11,167,070 outstanding performance rights granted to employees under the 2011 Plan and 7,892,812 outstanding performance rights and 22,278,100 share appreciation rights under the Equity Incentive Plan approved by shareholders at the 2015 AGM.

During the financial year 2,234,300 shares were issued as a result of performance rights exercised. At the date of this report, no performance rights have vested and been exercised subsequent to 30 June 2016.

12. Events after financial reporting date

Refer to Note 31 of the Notes to the Financial Statements.

Director's Statutory Report

For the year ended 30 June 2016

13. Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of the proceedings.

No proceedings have been brought or intervened in on behalf of Cooper Energy Limited with leave of the Court under section 237 of the Corporations Act.

14. Indemnification and insurance of directors and officers

14.1 Indemnification

The parent entity has agreed to indemnify the current Directors and past Directors of the parent entity and of the subsidiaries, where applicable, against all liabilities (subject to certain limited exclusions) to persons (other than the Group or a related body corporate) which arise out of the performance of their normal duties as a Director or Executive Director unless the liability relates to conduct involving a lack of good faith. The parent entity has agreed to indemnify the Directors and Executive Directors against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

14.2 Insurance premiums

During the financial year, the parent entity has paid insurance premiums in respect of Directors' and Officers' liability and legal insurance contracts for current and former Directors and Officers including senior employees of the Parent entity. The insurance premium relates to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage. The insurance policy outlined above does not contain details of premiums paid in respect of individual Directors, Officers and senior employees of the parent entity.

15. Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount) except in the case where the claim arises because of Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial year.

16. Auditor's independence declaration

The auditor's independence declaration is set out on page 109 and forms part of the Directors' report for the financial year ended 30 June 2016.

17. Non-audit services

The amounts paid to the auditor of the Group, Ernst & Young and its related practices for non-audit services provided during the year was \$18,540 (2015: \$nil).

18. Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Legislative Instrument, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



Mr John C. Conde AO
Chairman



Mr David P. Maxwell
Managing Director

Dated at Adelaide 15 August 2016

Financial Statements

For the year ended 30 June 2016

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Continuing Operations			
Revenue from oil sales	4	20,257	33,510
Cost of sales	4	(12,180)	(19,589)
Gross profit		8,077	13,921
Other revenue	4	850	1,867
Exploration and evaluation expenditure written back /(off)		292	(2,342)
Finance costs	4	(1,392)	(495)
Impairment	15	(21,865)	(22,642)
Reclassification of fair value movement on sale of available for sale investments		-	3,634
Share of loss in associate	13	(87)	(166)
Other expenses	4	(11,870)	(12,002)
Loss before tax		(25,995)	(18,225)
Income tax benefit		7,907	3,089
Total tax benefit	5	7,907	3,089
Net loss after tax from continuing operations		(18,088)	(15,136)
Discontinued operations			
Loss for the year from discontinued operations	12	(16,751)	(48,332)
Total loss for the period attributable to members		(34,839)	(63,468)
Other comprehensive income/(expenditure)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve		237	1,059
Fair value movements on available for sale investments		-	(8,325)
Income tax effect on fair value movements on available for sale financial assets		-	1,346
Reclassification during the year to profit or loss of impairment loss on available for sale investments		-	7,471
Reclassification during the year to profit or loss of profit on sale of available for sale investments		-	(3,634)
Fair value movements on derivatives accounted for in a hedge relationship		(3,526)	-
Reclassification during the period to profit or loss of realised hedge settlements	24	2,526	-
Income tax effect on fair value movement on derivative financial instrument		300	-
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value movement on equity instruments at fair value through other comprehensive income	11	(553)	-
Other comprehensive expenditure for the period net of tax		(1,016)	(2,083)
Total comprehensive loss for the period attributable to members		(35,855)	(65,551)
		cents	cents
Basic earnings per share from continuing operations	6	(5.3)	(4.6)
Diluted earnings per share from continuing operations	6	(5.3)	(4.6)
Basic earnings per share	6	(10.1)	(19.2)
Diluted earnings per share	6	(10.1)	(19.2)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016

		Consolidated	
	Notes	2016	2015
		\$'000	\$'000
Assets			
Current Assets			
Cash and cash equivalents	7	49,717	39,373
Trade and other receivables	8	3,400	12,001
Inventory		-	940
Income tax receivable		-	859
Prepayments	9	303	640
		53,420	53,813
Assets classified as held for sale	12	4,788	-
Total Current Assets		58,208	53,813
Non-Current Assets			
Available for sale financial assets	10	-	1,343
Equity instruments at fair value through other comprehensive income	11	790	-
Investment in associate	13	173	520
Term deposits at banks	7	91	59
Oil properties	14	5,385	11,921
Property, plant & equipment	16	708	981
Exploration and evaluation	17	110,976	105,363
Total Non-Current Assets		118,123	120,187
Total Assets		176,331	174,000
Liabilities			
Current Liabilities			
Trade and other payables	18	8,014	8,936
Provisions	19	4,064	1,913
Derivative financial liabilities	24	1,275	-
		13,353	10,849
Liabilities and provisions classified as held for sale	12	645	-
Total Current Liabilities		13,998	10,849
Non-Current Liabilities			
Deferred tax liabilities	5	2,176	11,020
Provisions	19	65,548	45,194
Financial liabilities	20	3,059	3,066
Total Non-Current Liabilities		70,783	59,280
Total Liabilities		84,781	70,129
Net Assets		91,550	103,871
Equity			
Contributed equity	21	137,558	115,460
Reserves	21	6,571	6,151
Accumulated losses	21	(52,579)	(17,740)
Total Equity		91,550	103,871

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Issued Capital	Reserves	(Accumulated Losses) / Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	115,460	6,151	(17,740)	103,871
Loss for the period	-	-	(34,839)	(34,839)
Other comprehensive expenditure		(1,016)	-	(1,016)
Total comprehensive expenditure for the period	-	(1,016)	(34,839)	(35,855)
Transactions with owners in their capacity as owners:-				
Share based payments	-	1,884	-	1,884
Transferred to issued capital	448	(448)	-	-
Shares issued	21,650	-	-	21,650
Balance at 30 June 2016	137,558	6,571	(52,579)	91,550
Balance at 1 July 2014				
	114,625	7,440	45,728	167,793
Loss for the period	-	-	(63,468)	(63,468)
Other comprehensive expenditure	-	(2,083)	-	(2,083)
Total comprehensive expenditure for the period		(2,083)	(63,468)	(65,551)
Transactions with owners in their capacity as owners:-				
Share based payments	-	1,629	-	1,629
Transferred to issued capital	835	(835)	-	-
Balance at 30 June 2015	115,460	6,151	(17,740)	103,871

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Receipts from customers		28,078	38,613
Payments to suppliers and employees		(21,851)	(33,065)
Income tax received / (paid)		859	(5,062)
Interest received		849	1,549
Net cash from operating activities	7	7,935	2,035
Cash Flows from Investing Activities			
Transfers of term deposits		(32)	1,860
Receipts from sale of subsidiary		12,440	-
Payment for acquisition of investment in associate		-	(273)
Receipts from sale of financial assets		-	15,660
Payments for exploration and evaluation		(28,910)	(13,189)
Acquisition of exploration and evaluation		-	(4,470)
Investments in oil properties		(3,486)	(9,763)
Net cash flows used in investing activities		(19,988)	(10,175)
Cash Flows from Financing Activities			
Proceeds from equity issue		21,171	-
Net cash flow from financing activities		21,171	-
Net increase/(decrease) in cash held		9,118	(8,140)
Net foreign exchange differences		1,226	335
Cash and Cash Equivalents at 1 July		39,373	47,178
Cash and Cash Equivalents at 30 June	7	49,717	39,373

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statement

For the year ended 30 June 2016

1. Corporate information

The consolidated financial report of Cooper Energy Limited (the parent entity) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 15 August 2016.

Cooper Energy Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in section 5 of the Directors' Statutory Report.

2. Summary of significant accounting policies

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has also been prepared on a historical cost basis, except for equity instruments measured at fair value through other comprehensive income which have been measured at fair value. Cooper Energy Limited is a for profit company.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity to which the legislative instrument applies.

Significant event and transaction

During the period the Group raised additional equity through an institutional placement and a share purchase plan. As a result of the institutional placement, 83.4 million new shares were issued; a further 17.6 million shares were issued under the share purchase plan. A total of \$21.7 million (net of costs and tax) was raised from the two transactions. Refer to Note 21 for further information.

During the period, the Group's Asian and African operations were classified as discontinued operations. Refer to Note 12 for further information.

During the period the Group's interest in VIC/RL 13-15 increased to 100% after Beach Energy assigned its 35% interest in the permits to the Group. This resulted in an increase to the restoration provision and a corresponding increase to exploration and evaluation assets. Refer to Notes 17 and 19 for further information.

b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(i) Changes in accounting policy and disclosures

The Accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standard and AASB Interpretations as of 1 July 2015:

- AASB 2012-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 9 Financial Instruments

Adoption of these standard interpretations is described below:

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

b) Statement of compliance *continued*

AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
Summary	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.
Application Date of the Standard	1 July 2015
Application Date for Group	1 July 2015
Impact on Group Financial report	The application of this standard has not resulted in any significant change in the 2016 year end accounts.

AASB 9	Financial Instruments
Summary	<p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</p> <p>The main changes are described below.</p> <p>Financial assets</p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>Financial liabilities</p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</p> <p>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none">- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)- The remaining change is presented in profit or loss <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p> <p>Impairment</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p>

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

b) Statement of compliance *continued*

Hedge accounting

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

Application Date of the Standard 1 January 2018

Application date for Group 1 July 2015

Impact on Group financial report The impact of early adopting AASB 9 is discussed at Note 23.

(ii) Accounting standards and interpretations issued but not yet effective

The accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group and for which the Group has elected not to early adopt for the annual reporting period ending 30 June 2016, are outlined below:

AASB 2014-3

Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

Summary

AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:-

(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and

(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

Application Date of the Standard 1 January 2016

Application Date for Group 1 July 2016

Impact on Group Financial report The adoption of this standard in the current format is not expected to have a material impact on the Group.

AASB 2014-4

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

Summary

AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

This presumption, however, can be rebutted in certain limited circumstances.

Application Date of the Standard 1 January 2016

Application Date for Group 1 July 2016

Impact on Group Financial report The Group currently uses diminishing value and units of production bases for the calculation of depreciation and amortisation. This standard will have no impact upon the Group's current methodologies.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

b) Statement of compliance *continued*

AASB 15	Revenue from Contracts with Customers
Summary	<p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services).</p> <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none">(a) Step 1: Identify the contract(s) with a customer(b) Step 2: Identify the performance obligations in the contract(c) Step 3: Determine the transaction price(d) Step 4: Allocate the transaction price to the performance obligations in the contract(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>
Application Date of the Standard	1 January 2018
Application Date for Group	1 January 2018
Impact on Group Financial report	The group is currently assessing the impact of this standard.
AASB 1057	Application of Australian Accounting Standards
Summary	<p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible.</p> <p>The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.</p>
Application Date of the Standard	1 January 2016
Application Date for Group	1 July 2016
Impact on Group Financial report	The adoption of this standard in the current format is not expected to have a material impact on the Group.
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Summary	<p>AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <ul style="list-style-type: none">(a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. <p>AASB 2014-10 also makes an editorial correction to AASB 10.</p> <p>AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>
Application Date of the Standard	1 January 2016
Application Date for Group	1 July 2016
Impact on Group Financial report	The adoption of this standard in the current format is not expected to have a material impact on the Group.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

b) Statement of compliance *continued*

AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
Summary	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:-</p> <ul style="list-style-type: none">• Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. <p>AASB 7 Financial Instruments: Disclosures:-</p> <ul style="list-style-type: none">• Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.• Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. <p>AASB 119 Employee Benefits:</p> <ul style="list-style-type: none">• Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. <p>AASB 134 Interim Financial Reporting:-</p> <ul style="list-style-type: none">• Disclosure of information 'elsewhere in the interim financial report' – amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.
Application Date of the Standard	1 January 2016
Application Date for Group	1 July 2016
Impact on Group Financial report	The adoption of these updates is not expected to have a material impact on the Group.
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
Summary	<p>The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.</p>
Application Date of the Standard	1 January 2016
Application Date for Group	1 July 2016
Impact on Group Financial report	The adoption of these updates is not expected to have a material impact on the Group.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

b) Statement of compliance *continued*

AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
Summary	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.
Application Date of the Standard	1 July 2016
Application Date for Group	1 July 2016
Impact on Group Financial report	The adoption of this standard is not expected to have a material impact on the Group.
AASB 16	Leases
Summary	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none">• Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.• AASB 16 contains disclosure requirements for lessees. <p>Lessor accounting</p> <ul style="list-style-type: none">• AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.• AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. <p>AASB 16 supersedes:</p> <p>(a) AASB 117 Leases</p> <p>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</p> <p>(c) SIC-15 Operating Leases—Incentives</p> <p>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a lease</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>
Application Date of the Standard	1 July 2019
Application Date for Group	1 July 2019
Impact on Group Financial report	The group is currently assessing the impact of this standard.
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
Summary	This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.
Application Date of the Standard	1 July 2017
Application Date for Group	1 July 2017
Impact on Group Financial report	The adoption of this standard is not expected to have a material impact on the Group.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

b) Statement of compliance *continued*

AASB 2016-5	Classification and Measurement of Share-based Payment Transactions
Summary	<p>This standard amends to AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none">• The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments.• Share-based payment transactions with a net settlement feature for withholding tax obligations.• A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
Application Date of the Standard	1 July 2018
Application Date for Group	1 July 2018
Impact on Group Financial report	The adoption of this standard is not expected to have a material impact on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

c) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Cooper Energy Limited (“the parent entity”) and its subsidiaries (“the Group”).

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, income and expenses and profit and losses arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirers previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of AASB 9, it is measured in accordance with the appropriate AASB.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

Where goodwill forms part of the cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

e) Joint arrangements

The Group has an interest in arrangements that are controlled jointly. A joint arrangement is either a joint operation or a joint venture. The Group has a number of joint arrangements which are classified as joint operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Currently the Group does not have any interests in joint ventures.

In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

f) Foreign currency

The functional and presentation currency of the Company is Australian dollars.

Translation of foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling at that date. Exchange differences in the consolidated financial statements are taken to the income statement.

Translation of the financial result of foreign operations

An entity's functional currency is the currency of the primary economic environment in which the entity, or a significant component of the entity, operates.

Other than Sukananti Ltd (classified as discontinued operations), which has a US dollar functional currency, all other foreign operations of the group have an Australian dollar functional currency.

g) Investments

Equity instruments at fair value through other comprehensive income

Investments are classified as equity instruments at fair value through other comprehensive income and are initially recognised at fair value plus any directly attributable transaction costs. The classification depends on the purpose for which the investments were acquired.

After initial recognition, investments are remeasured to fair value. Changes in the fair value of equity investments are recognised as a separate component of equity. The equity reserve will never be recycled through profit or loss.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the Consolidated Statement of Financial Position date. Where investments are not actively traded, fair value is established by using other market accepted valuation techniques.

Available-for-sale Investments (applicable to the 2015 financial year only)

Investments are classified as available-for-sale and are initially recognised at fair value plus any directly attributable transaction costs. The classification depends on the purpose for which the investments were acquired. Designation will be re-evaluated at each financial year-end.

After initial recognition, investments are remeasured to fair value. Changes in the fair value of available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired when there is a significant or prolonged decline in the fair value, at which time the cumulative change in fair value previously reported in equity is included in earnings.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the Consolidated Statement of Financial Position date. Where investments are not actively traded, fair value is established by using other market accepted valuation techniques.

Investments in associates

Investments in associates are initially recognised at cost. Any surplus over the Group's share in the associates net assets on acquisition is accounted for as goodwill; any deficit is treated as an accounting gain and recognise immediately in the income statement.

After initial recognition, the Group recognises its share of the associate's profit or loss.

h) Revenue and cost recognition

Revenue is recognised and measured at fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenues and costs from production sharing contracts

Revenue earned and production costs incurred from a production sharing contract are recognised when title to the product passes to the customer and is based upon the Group's share of sales and costs relating to oil production that are allocated to the Group under the contract.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

h) Revenue and cost recognition *continued*

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Joint venture fees

Joint venture fees are in respect of the Group's parent's ability to recover overhead costs relating to operated activities. Joint venture fees include overhead recoveries on operated activities, parent company overheads, operator overhead allowances and other indirect charges. Revenue is recognised when the Group's right to receive payment is established or services are rendered.

i) Depreciation and amortisation

Oil properties are amortised on the Units of Production basis using the latest approved estimate of proved and probable (2P) reserves. No amortisation is charged on areas under development where production has not commenced.

Depreciation on property plant and equipment is calculated at between 7.5% and 37.5% per annum using the diminishing value method over their estimated useful lives.

j) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits included wages and salaries, including non-monetary benefits and annual leave. Liabilities are recognised in respect of employees' services up to the reporting date and are measured at the amount expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The general provisions for long service leave are recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currencies that match, as closely as possible, the estimated future cash outflows. Employees' accumulated long service leave is ascribed to individual employees at the rates payable as and when they become entitled to long service leave. A provision for bonus is recognised and measured based upon the current wage and salary level and forms part of the employee short-term incentive plan. The basis for the bonus is set out in the Remuneration Report in section 4 of the Directors' Report.

k) Share based payments

The Group provides benefits to employees (including Executive Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and are recorded as an expense, with a corresponding increase in reserves, on a straight-line basis over the vesting period of the related instrument.

The fair value is determined using the Black-Scholes methodology to produce a Monte-Carlo simulation model that takes into account the exercise price, the vesting period, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance right or share appreciation right, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the vesting period. The fair value of the performance rights and share appreciation rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

The volatility assumption is based on the actual volatility of Cooper Energy's daily closing share price over the three year period to the valuation date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

1. the extent to which the vesting period has expired; and
2. the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Consolidated Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees as measured at the date of modification.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

k) Share based payments *continued*

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding performance rights and share appreciation rights is reflected as additional share dilution in the computation of diluted earnings per share.

l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

m) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Statement of Financial Position date.

Deferred income tax is provided on all temporary differences at the Consolidated Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be accessible against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Consolidated Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are assessed at each Consolidated Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Where allowable by initial recognition exemptions deferred tax assets and deferred tax liabilities that arise on acquisition are netted off against each other.

Deferred income tax assets and liabilities are measured at the tax rates that were expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax asset and liabilities relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

n) Other taxes

Goods and Services Taxes (“GST”)

Revenues, expenses and assets are recognised net of the amount of Goods and Services Taxes (“GST”) except:-

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a net basis and the net GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Petroleum Resource Rent Tax (PRRT)

For PRRT purposes, the impact of future augmentation on expenditure is included in the determination of future taxable profits when assessing the extent to which a deferred tax asset can be recognised in the statement of financial position. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Group has lodged starting base returns for all exploration and production areas. In June 2013, participants including the Company were granted a combination certificate for the Cooper Basin projects essentially deeming PEL 92 and PEL 93 to be a single project for PRRT purposes.

o) Exploration and evaluation expenditure

Exploration and evaluation expenditure is accounted for in accordance with the area of interest method and is capitalised to the extent that:

- i. the rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred; and
- ii. such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or
- iii. exploration and evaluation activities in the area of interest have not at the reporting date:
 - a. reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; and
 - b. active and significant operations in, or in relation to, the area of interest are continuing.

An area of interest refers to an individual geological area where the potential presence of an oil or a natural gas field is considered favourable or has been proven to exist, and in most cases will comprise an individual prospective oil or gas field.

Exploration and evaluation expenditure which does not satisfy these criteria is written off. Specifically, costs carried forward in respect of an area of interest that is abandoned or costs relating directly to the drilling of an unsuccessful well are written off in the year in which the decision to abandon is made or the results of drilling are concluded. The success or otherwise of a well is determined by reference to the drilling objectives for that well. For successful wells, the well costs remain capitalised on the Consolidated Statement of Financial Position as long as sufficient progress in assessing the reserves and the economic and operating viability of the project is being made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets.

Where a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is transferred to oil properties.

p) Oil properties

Oil properties are carried at cost including construction, installation of infrastructure such as roads and the cost of development of wells.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

q) Provision for restoration

The Group records the present value of its share of the estimated cost to restore operating locations. The nature of restoration activities includes the obligations relating to the reclamation, waste site closure, plant closure, production facility removal and other costs associated with the restoration of the site.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

q) Provision for restoration *continued*

A restoration provision is recognised after the construction of the facility and then reviewed on an annual basis.

When the liability is recorded the carrying amount of the production assets is increased by the asset retirement costs and depreciated over the producing life of the asset. Over time, the liability is increased for the change in the present value based on a risk free discount rate. The unwinding of the discount is recorded as an accretion charge within finance costs.

Any changes in the estimate of the provision for restoration arising from changes in the gross cost estimate or changes in the discount rate of the restoration provision are recorded by adjusting the provision and the carrying amount of the production or exploration asset and then depreciated over the producing life of the asset. Any change in the discount rate is applied prospectively.

These estimated costs, whilst based on anticipated technological and legal requirements, assume no significant changes will occur in relevant State, Federal and International legislation.

r) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Consolidated Statement of Financial Position date. The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less cost to sell and value in use. For an asset that does not generate largely independent cash flows, recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An asset's or cash generating unit's carrying amount is written down immediately to its recoverable amount if the asset's or cash generating unit's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use. Any gains or losses arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is de-recognised.

s) Impairment of non-current assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

t) Cash and cash equivalents

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and short-term deposits generally with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 90 days from date of investment, net of outstanding bank overdrafts.

u) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made in accordance with the expected credit loss method. An allowance for doubtful debts is raised at an amount equal to the lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is recognised at an amount equal to the lifetime expected credit losses. Bad debts are written off when identified.

v) Inventory

Inventories are carried at the lower of their cost or net realisable value. Inventories held by the group are in respect of stores and spares involved in drilling operations.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

w) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

x) Provisions

Provisions are recognised when the Group has a legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

y) Contributed equity

Issued and paid up capital is recognised as the fair value of the consideration received by the Group.

Any transaction costs arising on the issue of ordinary shares that would not have been incurred had ordinary shares not been issued are recognised directly in equity as a reduction of the share proceeds received.

z) Earnings per share

Basic earnings per share are calculated as net profit attributable to members divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members adjusted for the after tax effect of dilutive potential ordinary shares that have been recognised as expenses during the period divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

aa) Derivative financial instruments

Derivatives are initially recognised at their fair value when the Group becomes a party to the contract. Oil price options measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve while any ineffective portion is recognised immediately in the statement of profit or loss.

The Group uses oil price options as hedges of its exposure to commodity price risk in forecast transactions. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss – when the sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs.

bb) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Joint arrangements

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure program for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle;
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
 - The legal form of the separate vehicle; the terms of the contractual arrangement and; other facts and circumstances (when relevant).

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

bb) Significant accounting judgements, estimates and assumptions *continued*

Taxation

The Group's accounting policy for taxation requires management's judgement in relation to the types of arrangements considered to be a tax on income in contrast to an operating cost.

Judgement is also made in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Consolidated Statement of Financial Position.

Deferred tax assets, including those arising from un-recouped tax losses, capital losses, and temporary differences arising from the Petroleum Resource Rent Tax (Imposition – General) Act 2011, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility changes in circumstances will alter expectation, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised.

In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Statement of Comprehensive Income.

Operating lease commitments

The Group has entered into a commercial property lease. The Group has determined that it does not retain any of the significant risks and rewards of ownership of this property and has thus classified the lease as an operating lease.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Determination of recoverable hydrocarbons

Estimates of recoverable hydrocarbons impact the asset impairment assessment, depreciation and amortisation rates and decommissioning and restoration provisions.

Estimates of recoverable hydrocarbons are evaluated and reported by qualified petroleum reserves and resources evaluators in accordance with the ASX Listing Rules and the Company's Hydrocarbon Guidelines (www.cooperenergy.com.au/policies). A technical understanding of the geological and engineering processes enables the recoverable hydrocarbon estimates to be determined by using forecasts of production, commodity prices, production costs, exchange rates, tax rates and discount rates.

Recoverable hydrocarbon estimates may change from time to time if any of the forecast assumptions are revised.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of oil reserves, future technological changes which could impact the cost of extraction, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable oil reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Impairment of oil properties and property, plant & equipment

The Group reviews the carrying amount of oil properties and property, plant & equipment at each reporting date starting with analysis of any indicators of impairment. Where indicators of impairment are present, the group will test whether the cash generating unit's recoverable amount exceeds its carrying amount. The Group makes assumptions regarding future production and sales volumes, pricing, foreign exchange rates and capital and operating expenditure. The sensitivity of the impairment models to these assumptions is tested as part of this process and shows that the models are most sensitive to management's assumptions relating to production and pricing.

Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of oil extraction and the majority of this expenditure is incurred at the end of a well's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the well), and the estimated future level of inflation.

Notes to the Financial Statement

For the year ended 30 June 2016

2. Summary of significant accounting policies *continued*

bb) Significant accounting judgements, estimates and assumptions *continued*

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other wells. The expected timing of expenditure can also change, for example in response to changes in oil reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Share-based payments transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuation expert using the calculation criteria detailed in Note 2(k).

3. Segment reporting

Identification of reportable segments and types of activities

The Group operates in various geographical locations and prepares reports internally and externally by continental geographical segments. Within each segment, the costs of operations and income are prepared firstly by legal entity and then by joint venture. Revenue and outgoings are allocated by way of their natural expense and income category. These reports are drawn up on a monthly basis. Resources are allocated between each segment on an as needs basis. Selective reporting is provided to each Board meeting while the annual and bi-annual results are reported to the Board. The Managing Director is the chief operating decision maker.

Other prospective opportunities outside of these geographical segments are also considered from time to time and, if they are secured, will then be attributed to the continental geographical segment where they are located.

The current external customers by geographical location of production are the Australian Business Unit with two customers and the Asian Business Unit with one customer.

The following are the current geographical segments:

Australian Business Unit

Exploration and evaluation for oil and gas, development, production and sale of crude oil in a number of areas in the Cooper Basin, Gippsland Basin and Otway Basin. Revenue is derived from the sale of crude oil to IOR Energy Pty Ltd and a consortium of buyers made up of Santos Limited and its subsidiaries; Delhi Petroleum Pty Ltd and Origin Energy Resources Limited. Interest income is earned from the placement of funds with various Australian Banks for periods of up to 12 months.

Asian Business Unit

The Asian business unit involves the production and sale of crude oil from the Tangai-Sukananti KSO. It is located on the island of Sumatra, Indonesia. Revenue is derived from the sale of crude oil to PT Pertamina EP. The Group is also involved in exploration and evaluation for oil and gas in the Sumbagsel and Merangin III Permit areas on the island of Sumatra, Indonesia. During the first half of 2016 the Company commenced the sale process for the Indonesian operations and received expressions of interest for the sale of the Group's Indonesian assets. During the financial year, the sale of the exploration assets completed and an agreement was signed in respect of the sale of the producing asset estimated to be completed in early FY17.

The Indonesian operations have been classified as assets held for sale and discontinued operations at June 2016.

African Business Unit

Exploration and evaluation for oil and gas in the Bargou, Nabeul and Hammamet permit areas off the coast of Tunisia. No income is derived from these units. The Company has announced its intention to dispose of the equity interests in the Tunisian assets. During the period the Company has withdrawn from the Hammamet joint venture and has exited the Nabeul joint venture. In the remaining Tunisian tenement, the Bargou permit, the joint venture agreed and is in the process of completing a reduced work program consisting of seismic acquisitions and well abandonment to fulfil its commitments. The Company is planning on selling its interest in the joint venture and has therefore classified Bargou as held for sale at 30 June 2016. The African operations have been classified as discontinued operations.

European Business Unit

The Company has disposed of all exploration interests in Poland and has liquidated the Polish and Dutch entities during the first half of the 2016 financial year. The European business unit is classified as discontinued operations.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally is the same as those contained in Note 2 to the accounts and in the prior period.

Notes to the Financial Statement

For the year ended 30 June 2016

3. Segment reporting *continued*

The following table presents revenue and segment results for reportable segments.

Geographical Segments	Australian Business Unit	Elimination	Continuing Operations Total	Asian Business Unit (disc. operation)	European Business Unit (disc. operation)	African Business Unit (disc. Operation)	Discontinued Operations Total	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2016								
Revenue	20,257	-	20,257	7,169	-	-	7,169	27,426
Other income and revenue	800	50	850	-	-	-	-	850
Total consolidated revenue	21,057	50	21,107	7,169	-	-	7,169	28,276
Depreciation of property	(284)	-	(284)	(178)	-	-	(178)	(462)
Amortisation of development costs	(2,461)	-	(2,461)	(1,251)	-	-	(1,251)	(3,712)
Amortisation of exploration costs	(405)	-	(405)	-	-	-	-	(405)
Impairment	(21,865)	-	(21,865)	(11,446)	-	(374)	(11,820)	(33,685)
Share of loss in associate	(87)	-	(87)	-	-	-	-	(87)
Finance costs	(1,392)	-	(1,392)	-	-	-	-	(1,392)
Share based payments	(1,884)	-	(1,884)	-	-	-	-	(1,884)
Exit provision	-	-	-	-	-	(3,663)	(3,663)	(3,663)
Exploration costs written off	292	-	292	-	-	(180)	(180)	112
Segment result	(26,045)	50	(25,995)	(12,038)	(14)	(4,486)	(16,524)	(42,519)
Income tax								7,680
Net Profit								(34,839)
Segment liabilities	80,473	-	80,473	378	-	3,930	4,308	84,781
Segment assets	170,690	-	170,690	5,231	-	410	5,641	176,331
Non-Current Assets	118,048	-	118,048	75	-	-	75	118,123
Cash flow from:								
- Operating activities	6,771	-	6,771	1,392	(11)	(217)	1,164	7,935
- Investing activities	(11,970)	-	(11,970)	(6,254)	-	(1,764)	(8,018)	(19,988)
- Financing	21,171	-	21,171	-	-	-	-	21,171
Capital Expenditure	(24,409)	-	(24,409)	(6,223)	-	(1,764)	(7,987)	(32,396)

Notes to the Financial Statement

For the year ended 30 June 2016

3. Segment reporting continued

Geographical Segments	Australian Business Unit	Elimination	Continuing Operations Total	Asian Business Unit (disc. operation)	European Business Unit (disc. operation)	African Business Unit (disc. Operation)	Discontinued Operations Total	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2015								
Revenue	33,510	-	33,510	5,574	-	-	5,574	39,084
Other income and revenue	2,423	(556)	1,867	-	-	-	-	1,867
Total consolidated revenue	35,933	(556)	35,377	5,574	-	-	5,574	40,951
Depreciation of property	(397)	-	(397)	(72)	-	-	(72)	(469)
Amortisation of development costs	(5,255)	-	(5,255)	(2,249)	-	-	(2,249)	(7,504)
Amortisation of exploration costs	(771)	-	(771)	-	-	-	-	(771)
Impairment	(22,642)	-	(22,642)	-	(141)	(47,485)	(47,626)	(7 0,268)
Share of loss in associate	(166)	-	(166)	-	-	-	-	(166)
Finance costs	(495)	-	(495)	-	-	-	-	(495)
Share based payments	(1,629)	-	(1,629)	-	-	-	-	(1,629)
Exploration costs written off	(2,342)	-	(2,342)	-	-	-	-	(2,342)
Segment result	(17,669)	(556)	(18,225)	(562)	22	(47,792)	(48,332)	(66,423)
Income tax								2,955
Net Profit								(63,468)
Segment liabilities	67,168	(235)	66,933	1,675	-	1,521	3,196	70,129
Segment assets	148,001	(235)	147,766	25,902	14	318	26,234	174,000
Non-Current Assets	101,972	-	101,972	18,215	-	-	18,215	120,187
Cash flow from:								
- Operating activities	5,802	-	5,802	(2,132)	(132)	(1,503)	(3,767)	2,035
- Investing activities	(12,862)	-	(12,862)	2,219	141	325	2,685	(10,175)
- Financing	-	-	-	-	-	-	-	-
Capital Expenditure	(18,966)	-	(18,966)	(8,064)	-	(392)	(8,456)	(27,422)

Revenue from external customers by geographical location of production

	2016 \$'000	2015 \$'000
Australia	20,257	33,510
Indonesia	7,169	5,574
Total revenue	27,426	39,084

Revenue from one customer amounted to \$19,304,000 (2015: \$32,220,000) arising from oil sales.

Notes to the Financial Statement

For the year ended 30 June 2016

4. Revenues and expenses

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:-

	Consolidated	
	2016	2015
	\$'000	\$'000
Revenues from oil operations		
Oil sales	20,257	33,510
Total revenue from oil sales	20,257	33,510
Other revenue		
Interest revenue	777	1,225
Gain on acquisition of associate	-	281
Joint venture fees	73	361
Total other revenue	850	1,867
Cost of sales		
Production expenses	(8,181)	(11,106)
Royalties	(1,133)	(2,457)
Amortisation of exploration costs in areas under production	(405)	(771)
Amortisation of development costs in areas under production	(2,461)	(5,255)
Total cost of sales	(12,180)	(19,589)
Finance costs		
Accretion of rehabilitation cost	(1,399)	(1,433)
Accretion of success fee liability	(12)	(310)
Fair value adjustment of success fee liability	19	1,248
Total finance costs	(1,392)	(495)
Other expenses		
Depreciation of property, plant and equipment	(284)	(397)
General administration (includes employee benefits and lease payments)	(10,781)	(12,135)
Plant care and maintenance	(634)	-
Loss on fair value of oil price derivative	(275)	-
Losses from change in fair value of derivative financial asset designated as fair value through profit and loss	-	(206)
Loss on deemed disposal of associate	(105)	-
Realised and unrealised foreign currency translation gain	209	736
Total other expenses	(11,870)	(12,002)
Employee benefits expense		
Director and employee benefits	(3,842)	(5,067)
Share based payments	(1,884)	(1,629)
Superannuation expense	(380)	(364)
	(6,106)	(7,060)
Lease payments		
Minimum lease payment – operating lease	(328)	(326)

Notes to the Financial Statement

For the year ended 30 June 2016

5. Income tax

The major components of income tax expense are:

	Consolidated	
	2016 \$'000	2015 \$'000
Consolidated Statement of Comprehensive Income		
Current income tax		
Adjustments in respect of prior year income tax	205	847
	205	847
Deferred income tax		
Origination and reversal of temporary differences	7,543	2,242
Adjustments in respect of prior year income tax	159	-
	7,702	2,242
Income tax expense	7,907	3,089
Petroleum Resource Rent Tax - deferred tax	-	-
Total tax benefit	7,907	3,089
Numerical reconciliation between tax expense and pre-tax net profit		
Accounting loss before tax from continuing operations	(25,995)	(18,225)
Income tax using the domestic corporation tax rate of 30% (2015: 30%)	7,799	5,468
Increase/(decrease) in income tax expense due to:		
Non-assessable income	-	1,055
Non-deductible expenditure	(232)	(2,914)
(Derecognition) / Recognition of capital losses	-	(1,346)
Adjustments in respect to current income tax of previous years	364	826
Non Australian taxation jurisdictional subsidiaries	(24)	-
Total	108	(2,379)
Income tax benefit	7,907	3,089
Income tax recognised in other comprehensive income		
Fair value movement on derivative financial instruments	300	-
Revaluation of available for sale financial assets	-	1,346
Income tax using the domestic corporation tax rate of 30% (2015: 30%)	300	1,346

Cooper Energy Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group. Cooper Energy Limited is the head entity of the tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. Cooper Energy Limited formally notified the Australian Tax Office of its adoption of the tax consolidation regime when lodging its 30 June 2003 consolidated tax return.

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement requires members of the tax consolidated group to make contributions to the head company for tax liabilities and deferred tax balances arising from transactions occurring after the implementation of tax consolidation. Contributions are payable following the payment of the liabilities by Cooper Energy Limited. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense or benefit. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or upon leaving the Group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

Notes to the Financial Statement

For the year ended 30 June 2016

5. Income tax *continued*

Unrecognised temporary differences

At 30 June 2016, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries or joint ventures, as the Group has no liability for additional taxation should unremitted earnings be remitted (2015 \$nil).

Franking Tax Credits

At 30 June 2016 the parent entity had franking tax credits of \$42,856,152 (2015: \$43,715,169). The fully franked dividend equivalent is \$99,997,690 (2015 \$102,002,060).

PRRT

Cooper Energy Limited has not recognised a Deferred Tax Asset for the Petroleum Rent Resource Tax of \$26,623,000 (2015: \$22,341,000) on the basis that it has a significant level of undeducted expenditure and nil PRRT payments projected in the future.

Income Tax Losses

(a) Revenue Losses

Cooper Energy has recognised a Deferred Tax Asset for the year ended 30 June 2016 of \$7,661,000 (2015: \$676,797).

(b) Capital Losses

Cooper Energy has not recognised a Deferred Tax Asset for Australian income tax capital losses of \$60,108,000 (2015: \$22,207,705) on the basis that it is not probable that the carried forward capital losses will be utilised against future assessable capital profits.

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred income tax from corporate tax				
Deferred income tax at 30 June relates to the following:-				
Deferred tax liabilities				
Trade and other receivables	933	1,574	641	216
Oil properties	-	-	-	1,624
Exploration and evaluation	17,588	11,706	(5,882)	931
Provisions	-	416	(158)	(416)
Unrealised currency translation gain	-	144	144	(22)
	18,521	13,840		
Deferred tax assets				
Property, plant & equipment	10	12	(2)	(3)
Oil properties	1,762	1,296	466	1,296
Unrealised currency translation gain	2	-	2	-
Trade and other payables	-	29	(29)	(13)
Provision for employee entitlements	575	681	(106)	169
Provisions	5,640	-	5,640	-
Other	496	125	320	168
Capital raising costs in equity	199	-	-	-
Tax losses	7,661	677	6,984	677
	16,345	2,820		
Deferred tax income (expense)			8,207	3,454
Deferred tax liability from corporate tax	2,176	11,020		

Notes to the Financial Statement

For the year ended 30 June 2016

5. Income tax *continued*

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred income tax from petroleum resource rent tax				
Deferred income tax at 30 June relates to the following:-				
Deferred tax liabilities				
Exploration and evaluation	-	-	-	-
Deferred tax assets				
Oil properties	-	-	-	-
As represented on the Consolidated Statement of Financial Position, deferred tax asset	-	-		
As represented on the Consolidated Statement of Financial Position, net deferred tax liability	2,176	11,020		

6. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential options into ordinary shares. At 30 June 2016 there exists performance rights and share appreciation rights that if vested, would result in the issue of additional ordinary shares over the next three years. In the current period these potential ordinary shares are considered antidilutive as their conversion to ordinary shares would reduce the loss per share. Accordingly, they have been excluded from the dilutive earnings per share calculation.

The following reflects the income and share data used in the basic and diluted earnings per share computations:-

	Consolidated	
	2016 \$'000	2015 \$'000
Net loss attributable to ordinary equity holders of the parent from continuing operations	(18,088)	(15,136)
	2016 Thousands	2015 Thousands
Weighted average number of ordinary shares for basic earnings per share	343,602	330,905
Weighted average number of ordinary shares adjusted for the effect of dilution	343,602	330,905
Basic earnings per share for the period (cents per share)	(5.3)	(4.6)
Diluted earnings per share for the period (cents per share)	(5.3)	(4.6)

Notes to the Financial Statement

For the year ended 30 June 2016

6. Earnings per share *continued*

	Consolidated	
	2016 \$'000	2015 \$'000
Net loss attributable to ordinary equity holders of the parent from continuing and discontinued operations	(34,839)	(63,468)
	2016 Thousands	2015 Thousands
Weighted average number of ordinary shares for basic earnings per share	343,602	330,905
Weighted average number of ordinary shares adjusted for the effect of dilution	343,602	330,905
Basic earnings per share for the period (cents per share)	(10.1)	(19.2)
Diluted earnings per share for the period (cents per share)	(10.1)	(19.2)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7. Cash and cash equivalents and term deposits

	Consolidated	
	2016 \$'000	2015 \$'000
Current Assets		
Cash at bank and in hand	16,815	7,380
Short-term deposits at banks (i)	32,902	31,993
Total cash and cash equivalents	49,717	39,373
Non-Current Assets		
Term deposits at bank (ii)	91	59

(i) Short-term deposits at bank are in Australian dollars and are generally for periods of three months or less and earn interest at money market interest rates. This amount also includes term deposits of \$10 million which have a maturity greater than 3 months, but which are not subject to significant break costs should the Group wish to withdraw these funds before maturity.

(ii) The carrying value of the term deposit approximates its fair value.

In the September quarter 2015, the Group completed the restructuring of its bank facilities with Westpac Banking Corporation (Westpac) from corporate to reserve based lending. The facilities are secured, committed to 30 June 2018 and comprise up to \$35 million for general corporate purposes (debt funding) and \$5 million for bank guarantees.

Based on reserves and forward prices as at 30 June 2015 the facilities provided \$21 million of available debt funding at that time. The available debt funding is subject to bi-annual recalculation based on reserves, forward prices and the Company's latest forecasts. The 31 December 2015 recalculation provided approximately \$15 million in available debt funding which remain undrawn. Based on existing reserves and forecasts (excluding the Indonesian production assets) it is estimated that the facilities will provide approximately \$10 million in available debt funding when the 30 June 2016 recalculation is finalised with Westpac by 30 September 2016.

Notes to the Financial Statement

For the year ended 30 June 2016

7. Cash and cash equivalents and term deposits *continued*

	Consolidated	
	2016 \$'000	2015 \$'000
Reconciliation of net profit after tax to net cash flows from operating activities		
Net Profit / (loss) for the Year	(34,839)	(63,468)
Adjustments for:		
Amortisation of development costs in areas of production	3,712	7,504
Amortisation of exploration costs in areas under production	405	771
Depreciation of property, plant and equipment	462	469
Exploration and evaluation written off	(112)	2,342
Exit provision	3,663	-
Impairment of Non-Current Assets	33,685	70,127
Loss on sale of assets held for sale	904	-
Share of loss in associate	87	166
Reclassification of fair value movement on sale of available for sale investments	-	(3,634)
Share based payments	1,884	1,629
Finance cost	1,392	496
Unrealised foreign currency translation (gain) / loss	138	(444)
Loss on fair value movement of oil price derivatives	275	-
(Increase)/decrease in trade and other receivables	3,513	(856)
(Increase)/decrease in inventories	940	(651)
(Increase)/decrease in prepayments	337	92
(Decrease)/increase in deferred tax liabilities	(8,844)	(3,411)
(Decrease)/increase in trade and other payables	(922)	(3,407)
(Decrease)/increase in current tax liability	859	(5,899)
(Decrease)/increase in provisions	4,539	(140)
(Increase)/decrease in held for sale assets	(4,143)	349
Net cash from operating activities	7,935	2,035

8. Trade and other receivables

	Consolidated	
	2016 \$'000	2015 \$'000
Trade receivables (i)	2,956	11,406
Related party receivables (ii)	170	238
Related party receivables – joint ventures (iii)	77	201
Hedge settlement receivable	125	-
Interest receivable	72	156
Total (iv)	3,400	12,001

Notes to the Financial Statement

For the year ended 30 June 2016

8. Trade and other receivables *continued*

- (i) Trade receivables are non-interest bearing and are generally on 30-90 days terms. There are no past due or impaired receivables and none that have a history of past default.
- (ii) All related party receivables are current within agreed terms of trade and do not exceed 180 days.
- (iii) Related party receivables for joint ventures are for work to be undertaken in the near term and are within contractual arrangements.
- (iv) Due to the short-term nature of the trade and other receivables, the carrying value approximates fair value.

9. Prepayments

	Consolidated	
	2016 \$'000	2015 \$'000
Bank facility fee	154	316
Insurance	142	324
Other	7	-
	303	640

10. Available for sale investments

	2016 \$'000	2015 \$'000
Shares at fair value	-	1,343

A reconciliation of the movement during the year is as follows:-

Opening balance	-	26,040
Purchases	-	-
Reclassification as investment in associate	-	(712)
Reclassification as equity instrument at fair value through other comprehensive income	-	-
Fair value movement	-	(8,325)
Sale of investment	-	(15,660)
Closing balance	-	1,343

11. Equity instruments at fair value through other comprehensive income

	2016 \$'000	2015 \$'000
Shares at fair value	790	-

A reconciliation of the movement during the year is as follows:-

Opening balance on adoption of AASB 9	1,343	-
Fair value movement	(553)	-
Closing balance	790	-

The equity investments consist of one investment and the Group has received no dividends throughout the financial year.

On adoption of AASB 9 the Group's available for sale investments were reclassified as equity instruments. Refer to Note 23 for further information on the early adoption of AASB 9.

Notes to the Financial Statement

For the year ended 30 June 2016

12. Assets held for sale and discontinued operations

Indonesia

During the first half of 2016 the Company received expressions of interest for the sale of the Group's Indonesian assets. On 1 June 2016, the Company completed the sale of the Indonesian exploration assets for consideration of US\$8.25 million. On 7 June 2016 the Company signed a Share Sale Agreement for the sale of the Cooper Energy subsidiary holding the Indonesian production asset to Bow Energy International Holdings Inc (a subsidiary of ACL International Ltd) and Lamara Energy Pte for consideration of US\$4.3 million. The Indonesian production asset has been classified as assets held for sale and the Indonesian operations have been classified as discontinued operations at 30 June 2016. The Indonesian production assets have been impaired to the fair value less cost to sell.

Tunisia

The Group has exited the Hammamet and Nabeul joint ventures during the year. Following the positive results of the 3D seismic acquisition, the Group has recommenced a process to sell its interest in the Bargou joint venture. The Group's Tunisian assets are also classified as discontinued operations at 30 June 2016 with the Group's interest in Bargou classified as held for sale.

The losses from discontinued operations are presented on a separate line in the Consolidated Statement of Comprehensive Income.

	2016 \$'000	2015 \$'000
Trade and other receivables	3,861	-
Oil properties	819	-
Other assets	108	-
Total assets held for sale	4,788	-
Trade and other payables	(282)	-
Provisions	(221)	-
Other liabilities	(142)	-
Liabilities and provisions associated with assets held for sale	(645)	-
Net assets directly associated with disposal group	4,143	-
Revenue for the year from discontinued operations	7,169	5,574
Expenses for the year from discontinued operations	(11,873)	(6,146)
Impairment loss recognised	(11,820)	(47,626)
Pre-tax loss for the year from discontinued operations	(16,524)	(48,198)
Income tax expense	(227)	(134)
Loss for the year from discontinued operations	(16,751)	(48,332)
Operating cash flows from discontinued operations	1,164	-
Investing cash flows from discontinued operations	(3,055)	-
Financing cash flows from discontinued operations	-	-
Total net cash flow from discontinued operations	(1,891)	-
Basis loss per share from discontinued operations (cents per share)	(4.9)	(14.6)
Diluted loss per share from discontinued operations (cents per share)	(4.9)	(14.6)

Notes to the Financial Statement

For the year ended 30 June 2016

13. Investments in associate

The group has a 13.94% (2015: 21.55%) interest in Bass Strait Oil Company Limited (ASX: BAS), which is involved in oil and gas exploration in the Gippsland basin, offshore Victoria, Australia. The Group's interest in Bass Strait Oil Company Limited is accounted for using the equity method in the consolidated financial statements. During the 2015 financial year the Group obtained significant influence over the investment following the election of one of the Group's board members to the board of Bass Strait Oil Company Limited, and therefore commenced accounting for the investment as an investment in associate. Notwithstanding the Company's reduced voting power, significant influence still exists due to the Company's presence on the Board of Bass Strait Oil Company Limited.

The following table illustrates the summarised preliminary and unaudited financial information of the Group's investment in Bass Strait Oil Company Limited. This information is based on the latest management accounts and is subject to change on finalisation:

	2016 \$'000	2015 \$'000
Current assets	492	841
Non-current assets	4,444	4,279
Current liabilities	(131)	(163)
Non-current liabilities	-	-
Equity	4,805	4,957
Group's share of net assets	670	1,068
Reconciliation to Group's carrying amount of investment		
Dilution through rights issue and capital injection	-	(18)
Impairment	(154)	(530)
Prior year impairment ¹	(343)	-
Group's carrying amount of the investment	173	520
Loss before tax	(587)	(802)
Income tax expense	(37)	(35)
Loss for the year	(624)	(837)
Total comprehensive expenditure for the year	(624)	(837)
Group's share of loss for the year (continuing operations)	(87)	(166)

1. The prior year impairment is impacted by the movement in the Group's interest in its associate during the 2016 financial year and represents the historical impairment charges at its current 13.94% interest.

The associate had no contingent liabilities at 30 June 2016.

The investment in associate has been impaired and is carried at fair value. The Group has used the associate's quoted share price at 30 June 2016 as an approximation of its fair value.

Notes to the Financial Statement

For the year ended 30 June 2016

14. Oil properties

	2016	2015	
	\$'000	\$'000	
Regions of focus			
Australia	5,385	7,624	
Asia	-	4,297	
Total oil properties	5,385	11,921	
	Transferred Exploration and Evaluation	Development	Total
	\$'000	\$'000	\$'000
Consolidated			
Year end 30 June 2016			
Carrying amount at 1 July 2015	1,778	10,143	11,921
Classified as held for sale	-	(4,297)	(4,297)
Additions	-	627	627
Depreciation	(405)	(2,461)	(2,866)
Carrying amount at 30 June 2016	1,373	4,012	5,385
As at 30 June 2016			
Cost	5,174	27,134	32,308
Accumulated depreciation & impairment	(3,801)	(23,122)	(26,923)
	1,373	4,012	5,385
Year end 30 June 2015			
Carrying amount at 1 July 2014	2,348	15,855	18,293
Additions	111	9,244	9,355
Foreign currency adjustment	-	32	32
Depreciation	(771)	(7,504)	(8,275)
Impairment	-	(7,484)	(7,484)
Carrying amount at 30 June 2015	1,778	10,143	11,921
As at 30 June 2015			
Cost	5,174	35,356	40,530
Accumulated depreciation	(3,396)	(25,213)	(28,609)
	1,788	10,143	11,921

Notes to the Financial Statement

For the year ended 30 June 2016

15. Impairment

The following impairment losses were recognised during the financial year:-

	Consolidated	
	2016 \$'000	2015 \$'000
Impairment		
Available for sale financial assets	-	(7,471)
Investments in associates	(154)	(530)
Exploration & Evaluation	(21,711)	(7,157)
Oil Properties – PEL 93	-	(7,484)
Total	(21,865)	(22,642)

In accordance with the Group's accounting policies and procedures, the Group performs its impairment testing bi-annually.

Exploration and Evaluation Impairment

As outlined in Note 2 (bb) (ii), exploration and evaluation costs are accumulated separately for each Area Of Interest (AOI) and carried forward provided that one of the following conditions is met:

- Such costs are expected to be recouped through success development or sale; or
- Exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from capitalised exploration and evaluation expenditure. In the judgement of the Group, at 30 June 2016 exploration activities in each AOI, where costs are carried forward, have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Activities in relation to each AOI with expenditure carried forward at 30 June 2016 are continuing. Nothing has come to the attention of the Group to indicate future economic benefits will not be achieved. The Directors are continually monitoring the AOIs and are exploring alternatives for funding the development of AOIs when economic recoverable reserves are confirmed.

During the financial year the Group's exploration assets in the Otway basin were reviewed for impairment. Following this assessment, due to market conditions and no further clarity on the Victorian permits, for which there is a moratorium until the Victorian government completes its assessment of the impact of hydraulic fracturing, the decision was made to impair PEP 168 and impair the Otway onshore deep troughs AOI by the amount of the fair value premium paid on the acquisition of Somerton Energy.

Additionally, the Cooper Basin Northern licenses, PEL 90, PEL 100 and PEL 110 were tested for impairment due to impairment indicators being present. To date, no commercially viable prospects have been discovered in these permits. These assets were impaired to nil during the first-half of the financial year – no further impairment losses were recognised in the second half.

Further impairment losses were also recognised on the Group's Tunisian assets during the first-half of the financial year relating to further capitalised exploration expenditure. Exploration and evaluation costs incurred during the second half in the Nabeul and Hammamet permits have been recognised directly in the income statement as exploration and evaluation expenditure written off.

The total impairment recognised in respect of exploration and evaluation assets was \$21.7 million and is summarised in the table below with the relevant asset's remaining recoverable amount.

Exploration Asset	Impairment Recognised \$'000	Recoverable Amount \$'000
PEL 90	933	25
PEL 100	1,592	100
PEL 110	1,540	38
Otway Onshore Deep Troughs	11,694	12,430
PEP 168	5,952	39
Total	21,711	12,632

Oil Properties Impairment

A number of factors represented indicators of impairment at 30 June 2016, including the continued low oil price throughout the period. As a result, the Group assessed the recoverable amounts of its Cash Generating Units (CGUs).

Notes to the Financial Statement

For the year ended 30 June 2016

15. Impairment *continued*

Impairment Testing

i) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount of a CGU. The recoverable amount of each CGU has been estimated using its value in use (VIU).

Value in use is estimated based on discounted cash flows using market based commodity price exchange rate assumptions, estimated production forecasts based on 2P reserves, operating costs and capital expenditure based on current development plans.

Estimates of production, operating costs and capital expenditure are sourced from our planning process including specific development plans of each CGU.

ii) Key Assumptions

The table below summarises the key assumptions used:-

	30 June 2016		30 June 2015	
	2017-2018	Long-term (2019 +)	2016-2018	Long-term (2019 +)
Real oil price (US\$ per bbl)	\$45 increasing to \$60	\$65	\$65 increasing to \$75	\$80
AUD:USD exchange rate	\$0.74	\$0.72	\$0.80	\$0.80
CPI (%)	1.5%	1.5%	2.5%	2.5%
Pre-tax real discount rate (%)	AUD assets 11.5% USD assets 16.3%		AUD assets 11.2%	USD assets 15.0%

Commodity prices and exchange rates

Oil price and exchange rates are estimated with reference to external data and are reviewed quarterly. The rates applied have been obtained from spot and forward values and market analysis including equity analyst estimates.

Discount rate

In determining the VIU, the future cash flows were discounted using rates based on the Group's real pre-tax weighted average cost of capital, in line with the Capital Asset Pricing Model, for each functional currency with additional premiums being applied based on geographical location and current economic conditions.

Production, operating and capital costs

Production forecasts have been based on 2P developed and undeveloped reserves. The forecasts include all capital required to produce the reserves and, where applicable, develop the undeveloped reserves.

iii) Impacts

As a result of impairment testing, the recoverable amount of PEL 93 continues to be nil and no further impairment losses were recognised.

Sensitivity Analysis

Any change to the assumptions used to determine the VIU could result in a change to the recoverable amount. Given the degree of change required to each individual input before an impairment reversal on PEL 93 would be indicated, impairment reversal is not likely.

In addition to the impairment testing performed over PEL 93, testing was performed over PEL 92. The results of this testing indicated that the CGU's recoverable amount was higher than its carrying amount. No impairment was recognised in respect of PEL 92. Any reasonable change in assumptions would not result in an impairment of PEL 92.

Notes to the Financial Statement

For the year ended 30 June 2016

16. Property, plant & equipment

	Consolidated	
	2016 \$'000	2015 \$'000
Consolidated		
Year end 30 June		
Carrying amount at 1 July	981	1,141
Additions	45	237
Disposals/written off	(34)	-
Depreciation	(284)	(397)
Carrying amount at 30 June	708	981
As at 30 June		
Cost	2,101	2,142
Accumulated depreciation	(1,393)	(1,161)
	708	981

17. Exploration and evaluation

	Consolidated	
	2016 \$'000	2015 \$'000
Regions of focus		
Australia	110,976	91,489
Asia	-	13,874
Total exploration and evaluation	110,976	105,363

Reconciliations of the carrying amounts of capitalised exploration at the beginning and end of the financial year are set out below:-

Carrying amount at 1 July	105,363	94,621
Exploration expenditure classified as held for sale	(15,270)	-
Additions	22,878	7,750
Exploration acquired	19,424	12,602
Transferred to oil properties	-	(111)
Unsuccessful exploration wells written back/(off) ⁽ⁱ⁾	292	(2,342)
Impairment	(21,711)	(7,157)
Carrying amount at 30 June ⁽ⁱⁱ⁾	110,976	105,363

(i) Exploration write offs relate to exploration wells that were plugged and abandoned as unsuccessful during the year.

(ii) Recoverability is dependent on the successful development and commercial exploration or sale of the respective areas of interest.

Notes to the Financial Statement

For the year ended 30 June 2016

18. Trade and other payables

	Consolidated	
	2016 \$'000	2015 \$'000
Trade payables (i)	489	1,400
Accruals	2,505	3,636
	2,994	5,036
Related party payables – joint arrangements (ii)	5,020	3,900
	8,014	8,936

(i) Trade and other payables are non-interest bearing and are normally settled on 30-90 day terms.

(ii) Related party payables are accrued expenditure incurred on joint arrangements.

19. Provisions

	Consolidated	
	2016 \$'000	2015 \$'000
Current Liabilities		
Restoration provision	-	1,500
Exit penalty provision	3,663	-
Employee provisions	401	391
Other provisions	-	22
	4,064	1,913
Non-Current Liabilities		
Long service leave provision	346	145
Restoration provision(s)	65,202	45,049
	65,548	45,194
Movement in carrying amount of the non-current restoration provision:-		
Carrying amount at 1 July	45,049	41,256
Revaluation of provision	(670)	(5,772)
Provision through asset acquisition	19,424	8,132
Increase through accretion	1,399	1,433
Carrying amount at 30 June	65,202	45,049

The restoration provision is the present value of the Group's share of the estimated cost to restore operating locations. The nature of restoration activities includes the obligations relating to the reclamation, waste site closure, plant closure, production facility removal and other costs associated with the restoration of the site. However, actual restoration costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time and the condition of the site at the time of the restoration. Furthermore, the timing of restoration is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

The discount rate used in the calculation of the provision as at 30 June 2016 equalled 2.12% (2015: 2.98%) reflecting the Australian Government 10 year bond rate.

Notes to the Financial Statement

For the year ended 30 June 2016

20. Financial liabilities

	Consolidated	
	2016 \$'000	2015 \$'000
Success fee financial liability	3,059	3,066

Movement in carrying amount of the success fee financial liability:-

Carrying amount at 1 July	3,066	4,004
Finance cost	12	310
Fair value adjustment	(19)	(1,248)
Carrying amount at 30 June	3,059	3,066

The success fee liability is the fair value of the Group's liability to pay a \$5,000,000 success fee upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL13, 14 & 15 assets acquired on 7 May 2014.

The discount rate used in the calculation of the liability as at 30 June 2016 equalled 2.12% (2015: 2.98%) reflecting the Australian Government 10 year bond rate.

21. Contributed equity and reserves

	Consolidated	
	2016 \$'000	2015 \$'000

Share capital

Ordinary shares

Issued and fully paid	137,558	115,460
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Capital raising

During the period the Group raised \$21.7 million (net of costs and tax of \$0.6 million) through an institutional placement and a share purchase plan, 101.0 million new ordinary shares were issued.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2016		2015	
	Thousands	\$'000	Thousands	\$'000
Movement in ordinary shares on issue				
At 1 July 2015	331,905	115,460	329,236	114,625
Equity issue	101,047	21,650	-	-
Issuance of shares for Performance Rights	2,234	448	2,669	835
At 30 June 2016	435,186	137,558	331,905	115,460

Notes to the Financial Statement

For the year ended 30 June 2016

21. Contributed equity and reserves *continued*

Reserves

	Consolidation reserve \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Option premium reserve \$'000	Available for sale investment reserve \$'000	Cash flow hedge reserve \$'000	Equity instrument reserve \$'000	Total \$'000
Consolidated								
At 30 June 2014	(541)	(164)	4,978	25	3,142	-	-	7,440
Other comprehensive income/(expenditure)	-	1,059	-	-	(3,142)	-	-	(2,083)
Transferred to issued capital	-	-	(835)	-	-	-	-	(835)
Share-based payments	-	-	1,629	-	-	-	-	1,629
At 30 June 2015	(541)	895	5,772	25	-	-	-	6,151
Other comprehensive income/(expenditure)	-	237	-	-	-	(700)	(553)	(1,016)
Transferred to issued capital	-	-	(448)	-	-	-	-	(448)
Share-based payments	-	-	1,884	-	-	-	-	1,884
At 30 June 2016	(541)	1,132	7,208	25	-	(700)	(553)	6,571

Nature and purpose of reserves

Consolidation reserve

The reserve comprises the premium paid on acquisition of minority shareholdings in a controlled entity.

Foreign currency translation reserve

This reserve is used to record the value of foreign currency movements on an Australian dollar loan and the retranslation of the net assets of the US dollar functional currency subsidiary.

Share based payment reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

Option premium reserve

This reserve is used to accumulate amounts received from the issue of options. The reserve can be used to pay dividends or issue bonus shares.

Available for sale investment reserve

This reserve is used to capture the mark to market movement in the value of shares held in companies listed on a public exchange.

Cash flow hedge reserve

This reserve is used to capture the effective portion of the mark to market movement of instruments designed in a hedge relationship.

Equity instruments reserve

This reserve is used to capture the mark to market movement in the value of shares held in companies listed on a public exchange. Items in this reserve are never recycled through profit or loss.

Notes to the Financial Statement

For the year ended 30 June 2016

21. Contributed equity and reserves *continued*

(Accumulated Losses) / Retained earnings

	Consolidated	
	2016 \$'000	2015 \$'000
Movement in (accumulated losses) / retained earnings were as follows:-		
Balance at 1 July	(17,740)	45,728
Net loss for the year	(34,839)	(63,468)
Balance at 30 June	(52,579)	(17,740)

Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maintain an appropriate capital profile to support its business activities and to maximise shareholder value. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its finance facilities that form part of its capital structure requirements. The Group currently has no interest bearing debt. The Group manages its capital structure and makes adjustments in light of economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust its dividend policy, return capital to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2016 and 30 June 2015.

22. Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short-term deposits, receivables, equity investments and payables.

The Group manages its exposure to key financial risks in accordance with its risk management policy with the objective to ensure that the financial risks inherent in oil and gas exploration activities are identified and then managed or kept as low as reasonably practicable.

The main financial risks that arise in the normal course of business for the Group's financial instruments are foreign currency risk, commodity price risk, share price risk, credit risk, liquidity risk and interest rate risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring exposure to foreign exchange risk and assessments of market forecast for interest rates, foreign exchange and commodity prices. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

It is, and has been, throughout the period under review, the Board's policy that no speculative trading in financial instruments be undertaken.

The primary responsibility for the identification and control of financial risks rests with the Managing Director and the Chief Financial Officer, under the authority of the Board. The Board is apprised of these and other risks at Board meetings and agrees any policies that may be implemented to manage any of the risks identified below.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each financial instrument are disclosed in Note 2 to the financial statements.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as a whole:-

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statement

For the year ended 30 June 2016

22. Financial risk management objectives and policies *continued*

Set out below is an overview of financial instruments held by the Group, with a comparison of the carrying amounts and fair values as at 30 June 2016:-

	Level	Carrying amount		Fair value	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Consolidated					
Financial assets					
Available for sale investments	1	-	1,343	-	1,343
Equity instruments at fair value through other comprehensive income	1	790	-	790	-
Financial liabilities					
Success fee financial liability	3	3,059	3,066	3,059	3,066
Derivative financial instruments	2	1,275	-	1,275	-

The financial assets and liabilities of the Group are recognised in the consolidated statement of financial position in accordance with the accounting policies set out in Note 2.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:-

Available for sale investments

The fair value of available for sale investments is determined by reference to their quoted market price on a prescribed equity stock exchange at the reporting date, and hence is a level 1 fair value measurement.

Equity instruments at fair value through other comprehensive income

The fair value of equity instruments is determined by reference to their quoted market price on a prescribed equity stock exchange at the reporting date, and hence is a level 1 fair value measurement.

On adoption of AASB 9 the Group's available for sale investments were reclassified as equity instruments. Refer to Note 23 for further information on the early adoption of AASB 9.

Derivative financial instruments

The derivative financial instruments relate to the Group's hedging activities to hedge against cash flow risks from movements in oil price, for which hedge accounting has been applied. The fair value of the derivative financial instruments are obtained from third party valuation reports and are valued using the Black-Scholes model.

Success fee financial liability

The success fee liability is the fair value of the Group's liability to pay a \$5,000,000 success fee upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL13-15 assets acquired on 7 May 2014. The significant unobservable valuation inputs for the success fee financial liability includes: a probability of 37% that no payment is made and a probability of 63% the payment is made in 2021. The discount rate used in the calculation of the liability as at 30 June 2016 equalled 2.12% (June 2015: 2.98%).

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity price risk and interest rate risk. Financial instruments affected by market risk include deposits, trade receivables, trade payables and accrued liabilities.

The sensitivity analyses in the following sections relate to the position as at 30 June 2016 and 30 June 2015.

The sensitivity analyses have been prepared on the basis that the amount of the financial instruments in foreign currencies is all constant. The sensitivity analyses are intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The analyses exclude the impact of movements in market variables on the carrying value of provisions.

The following assumptions have been made in calculating the sensitivity analyses:-

- The statement of financial position sensitivity relates to US-denominated trade receivables.
- The sensitivity of the relevant profit before tax item and/or equity is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2016 and 30 June 2015.

a) Foreign currency risk

The Group has transactional currency exposure arising from all its sales which are denominated in United States dollars, whilst almost all its costs are denominated in the Group's functional currency of Australian dollars.

In addition the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, to the United States dollars and Euros. Transaction exposures, where possible, are netted off across the Group to reduce volatility and provide a natural hedge.

Notes to the Financial Statement

For the year ended 30 June 2016

22. Financial risk management objectives and policies *continued*

The Group may from time to time have cash denominated in United States dollars.

Currently the Group has no foreign exchange hedge programmes in place. The Chief Financial Officer manages the purchase of foreign currency to meet expenditure requirements, which cannot be netted off against US dollar receivables.

The financial instruments which are denominated in US dollars are as follows:-

	Consolidated	
	2016 \$'000	2015 \$'000
Financial assets		
Cash	7,045	3,198
Term deposits at bank	75	43
Trade and other receivables (current and non-current)	4,016	6,360
Financial liabilities		
Trade and other payables	282	1,265

The following table summarises the sensitivity of financial instruments held at the year end, to movements in the exchange rates for the Australian dollar to the foreign currency, with all other variables held constant.

	Impact on after tax profit	
	2016 \$'000	2015 \$'000
If the Australian dollar were higher at the balance date by 10%	(987)	(758)
If the Australian dollar were lower at the balance date by 10%	1,206	926

b) Commodity Price risk

The Group uses oil price options to manage some of its transaction exposures. These options are designated as cash flow hedges and are entered into for periods consistent with oil price exposure of the underlying transactions, generally from one to 12 months.

The following table shows the effect of price changes in oil on the Group's provisional sales excluding the effect of hedging.

Commodity price risk arises from the sale of oil denominated in US dollars. The Group has provisional sales at 30 June 2016 of \$2,953,605 (2015: \$5,009,182).

	Impact on after tax profit	
	2016 \$'000	2015 \$'000
If the Brent Average price were higher at the balance date by 10%	339	537
If the Brent Average price were lower at the balance date by 10%	(339)	(537)

c) Interest rate risk

The Group has no borrowings at 30 June 2016 (2015: \$ nil) nor has the Group drawn and repaid any loans from a financial institution during the reporting period.

The Group has interest bearing deposits of \$32,902,000 (2015: \$31,993,000).

	Impact on after tax profit	
	2016 \$'000	2015 \$'000
If the interest rate were 1% rate higher at the balance date	24	45
If the interest rate were 1% rate lower at the balance date	(24)	(46)

Notes to the Financial Statement

For the year ended 30 June 2016

22. Financial risk management objectives and policies *continued*

Credit risk

Credit risk arises from the financial assets of the Group which comprise cash and cash equivalents and trade and other receivables including hedge settlement receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group trades only with recognised creditworthy third parties. The Group has had no exposure to bad debts.

The Group has a concentration of credit risk with trade receivables due from a small number of entities which have traded with the Group since 2003.

Cash and cash equivalents and term deposits are held at three financial institutions that have a Standard & Poor's A credit rating or better. Trade receivables are settled on 30 to 90 day terms.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet all financial commitments in a timely and cost-effective manner. The Managing Director and Chief Financial Officer review the liquidity position on a weekly basis including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

Trade and other payables amounting to \$8,581,000 (2015: \$8,936,000) are payable within normal terms of 30 to 90 days.

Financial liability amounting to \$5,000,000 (undiscounted) will be payable upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL13-15 assets. The timing of this payment is uncertain but not expected to be within one year.

Any fluctuation of the interest rate either up or down will have no impact on the principal amount of the cash on term deposit at the banks. The Group does not invest in financial instruments that are traded on any secondary market.

Share price risk

Share price risk arises from the movement of share prices on a prescribed stock exchange. The Group has equity instruments measured at fair value through other comprehensive income the fair value of which fluctuates as a result of movement in the share price.

	Impact on revaluation reserve		Impact on profit before tax	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
If the share price were 10% higher at the balance date	79	134	-	-
If the share price were 10% lower at the balance date	(79)	-	-	(134)

23. Early adoption of AASB 9

As at 1 July 2015, Cooper Energy early adopted AASB 9 Financial Instruments (2014). The early adoption of AASB 9 has been applied from 1 July 2015. In line with the transition requirements, comparatives are not restated.

Changes to classification and measurement of financial assets and financial liabilities

The adoption of AASB 9 has resulted in amendments to the measurement and classification requirements for financial instruments previously accounted for under AASB 139 Financial Instruments: Recognition and Measurement.

Under AASB 9 an entity classifies its financial assets as subsequently measured at either amortised cost or fair value. An election can be made to designate a financial asset as measured at fair value through profit or loss on initial recognition if this significantly reduces an accounting mismatch. The designation at fair value through profit or loss is irrevocable. The standard also allows an entity to make an irrevocable election at initial recognition of particular investments in equity instruments to be measured at fair value through other comprehensive income with no recycling through profit or loss. On adopting the new standard, the classification of the Group's available for sale financial assets has changed to fair value through other comprehensive income, as outlined in the table below.

The requirements in AASB 139 regarding classification and measurement of financial liabilities have been retained, including the related application and implementation guidance. Financial liabilities continue to be measured at either fair value through profit or loss or amortised cost. The criteria for designating a financial liability at fair value through profit or loss also remain unchanged.

Hedge accounting

AASB 9 aligns hedge accounting more closely with common risk management practices.

The key components of the standard are as follows:-

- Risk components that are separately identifiable and reliably measurable will be eligible as hedged items, including non-financial items.
- Effectiveness measurement testing is required only on a prospective basis. New hedge effectiveness criteria include existence of an economic relationship between the hedged item and the hedging instrument.
- Certain requirements must be met for discontinuing a hedge relationship. Changes to the hedge relationship may result in rebalancing of the hedge ratio rather than de-designation.

Notes to the Financial Statement

For the year ended 30 June 2016

23. Early adoption of AASB 9 *continued*

Derivative financial instruments for which the Group elects to adopt hedge accounting will be accounted for at fair value through other comprehensive income. Hedge ineffectiveness will be recognised in profit or loss.

Impacts of early adoption of AASB 9

The table below shows the change in classification and measurement category of the Group's financial instruments on early adoption of AASB 9.

AASB 139 (previous) classification of financial instrument	AASB 9 (current) classification of financial instrument	AASB 139 (previous) measurement category	AASB 9 (current) measurement category
Cash and cash equivalents	Cash and cash equivalents	Amortised cost	Amortised cost
Term deposits	Term deposits	Amortised cost	Amortised cost
Available for sale investments	Equity instruments at fair value through OCI	Fair value through OCI (recycled through P&L)	Fair value through OCI (not recycled through P&L)
Trade and other receivables	Trade and other receivables	Amortised cost	Amortised cost
Derivative financial instruments	Derivative financial instruments	Fair value through P&L	Fair value through P&L
Trade and other payables	Trade and other payables	Amortised cost	Amortised cost
Success fee financial liability	Success fee financial liability	Fair value through P&L	Fair value through P&L

Impairment impact

AASB 9 also requires impairment on financial assets to be assessed under the lifetime expected credit loss model. This change has no impact on the Group.

It is noted that there is no change in the carrying amount of any of the Group's financial instruments under AASB 9 and AASB 139. In addition to the accounting treatment for hedges, AASB 9 also requires that the Group's listed investments are classified as equity instruments at fair value through other comprehensive income with fair value movements remaining within equity and not being recycled through profit or loss.

The adoption of AASB 9 does not have any material impact of the Group's financial information and comparatives have not been restated.

24. Hedge accounting

The Group uses Australian dollar Brent options to manage some of its transaction exposures. The options are designated as cash flow hedges and are entered into for a period consistent with the oil price exposure of the underlying transactions, typically over a 12 to 18 month period.

Cash flow hedges

Australian dollar oil price options measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales in US dollars. These forecast transactions are highly probable, and they comprise about 60% of the Group's total expected sales in US dollars to June 2017 and reducing percentages thereafter.

Oil price cash flow hedges outstanding at 30 June 2016:-

- A\$57.00-69.70 collar options for 10,000 bbls/month for the period July 2016 to December 2016 decreasing to 5,000 bbls/month for the period January 2017 to June 2017.
- A\$54.45 50% participating swaps for 5,000 bbls/month for the period July 2016 to December 2017.

The table below shows the Group's hedges that are currently outstanding.

Hedge arrangements (bbls remaining)	FY17H1	FY17H2	FY18H1	Total
A\$57.00-69.70 collar options	60,000	30,000	-	90,000
A\$54.45 – 50% participating swap	30,000	30,000	30,000	90,000
Total	90,000	60,000	30,000	180,000

These transactions have been entered into in order to reduce the variability of cash flows arising from oil sales during the period July 2016 to December 2017. The impact of these transactions is that the Group has locked in an average floor price of \$55.98/bbl while still being able to participate in upside should the oil price increase.

Notes to the Financial Statement

For the year ended 30 June 2016

24. Hedge accounting *continued*

The fair value of the options vary based on the level of sales and changes in forward rates.

	2016		2015	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Fair value of oil price options	-	1,275	-	-

The terms of the oil price options match the terms of the expected highly probably forecast sales other than being Australian dollar denominated options and the forecast sales being in US dollars. This does expose the Group to some ineffectiveness required to be recognised in the income statement – a non-cash expense of \$0.3 million has been recognised as hedge ineffectiveness for the period ending 30 June 2016.

During the financial year, \$2.5 million was reclassified from OCI to the income statement in respect of realised hedge settlements.

The cash flow hedges of the expected future sales were assessed to be highly effective and a net unrealised loss of \$1.0 million and a tax benefit of \$0.3 million relating to the hedging instruments, is included in OCI.

The amounts retained in OCI at 30 June 2016 are expected to mature and affect the statement of profit or loss in 2017.

25. Commitments and contingencies

	Consolidated	
	2016 \$'000	2015 \$'000
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:-		
Within one year	322	357
After one year but not more than five years	248	582
After more than five years	-	-
Total minimum lease payments	570	939

The Parent entity leases a suite of offices in Adelaide from which it conducts its operations. The lease is for a further four years with an option to renew after that date.

Exploration capital commitments not provided in the financial statements and payable:-

Within one year	5,405	44,597
After one year but not more than five years	2,200	12,359
After more than five years	-	-
Total minimum lease payments	7,605	56,956

Cooper Energy elected not to participate in the most recent extension of the Hammamet Permit in Tunisia and has provided the joint venture partners with a notice of withdrawal from the Hammamet Joint Venture. The terms of withdrawal have not been finalised with the remaining joint venture partners, however it is Cooper Energy's view that it does not have any further work commitments connected with the permit, notwithstanding that the permit has been extended and work commitments for the joint venture remain in place.

The remaining joint venture parties have submitted a request for arbitration in the London International Court of Arbitration claiming security for Cooper Energy's share of drilling a well which they assert is at least US\$13.1 million (plus an unquantified claim for damages for breach of contract). Cooper Energy denies any liability and is defending the claim.

As at 30 June 2016 the Parent entity has bank guarantees for \$161,512 (2015: \$4,067,000). These guarantees are in relation to performance bonds on exploration permits and guarantees on office leases.

Notes to the Financial Statement

For the year ended 30 June 2016

26. Interests in joint arrangements

The group has interests in a number of joint arrangements which are classified as joint operations. These joint operations are involved in the exploration and/or production of oil in Australia, Tunisia and Indonesia. The Group has the following interests in joint arrangements in the following major areas:-

		Ownership Interest	
		2016	2015
a) Joint Arrangements in which Cooper Energy Limited is the operator/manager			
Australia			
PEL 186	Oil and gas exploration	- ¹	33.33%
VIC/RL 13-15	Oil and gas exploration and production	100% ²	65%
Indonesia			
Tangai-Sukananti KSO	Oil and gas exploration and production	55%	55%
Sumbagsel PSC	Oil and gas exploration	- ³	100%
Merangin III PSC	Oil and gas exploration	- ³	100%
Tunisia			
Bargou Exploration Permit	Oil and gas exploration	30%	30%
Nabeul Exploration Permit	Oil and gas exploration	- ⁴	85%
b) Joint Arrangements in which Cooper Energy Limited is not the operator/manager			
Australia			
PEL 90K	Oil and gas exploration	25%	25%
PEL 93*	Oil and gas exploration and production	30%	30%
PEL 100	Oil and gas exploration	19.167%	19.167%
PRL 183-190 (Formerly PEL 110)	Oil and gas exploration	20%	20%
PEL 494	Oil and gas exploration	30%	30%
PEL 495	Oil and gas exploration	- ⁵	30%
PEP 150	Oil and gas exploration	20%	20%
PEP 168	Oil and gas exploration	50%	50%
PEP 171	Oil and gas exploration	25%	25%
PEP 151	Oil and gas exploration	- ¹	75%
PRL 32	Oil and gas exploration	30%	30%
PRL 85-104* (Formerly PEL 92)	Oil and gas exploration and production	25%	25%
VIC/RL 3	Oil and gas exploration and production	50%	50%
Orbost gas plant	Gas production	50%	50%
Tunisia			
Hammamet Exploration Permit	Oil and gas exploration	- ⁴	35%

*Includes associated PPL's

¹ Exited during period

² On 26 May 2016 Beach Energy assigned its interest in VIC/RL 13-15 to Cooper Energy at which point Cooper Energy's interest in the permits increased to 100%. Beach Energy's withdrawal will have an effective date of 27 October 2016 in accordance with the terms of the Deed of Withdrawal.

³ Sale of Indonesian exploration permits during the 2016 financial year

⁴ Exited during period. Refer to Note 25 commitments and contingencies for further information

⁵ PEL 495 was amalgamated with PEL 494 on 28 September 2015

Notes to the Financial Statement

For the year ended 30 June 2016

27. Related parties

The Group has a related party relationship with its subsidiaries, joint arrangements (see Note 26) and with its key management personnel (refer to disclosure for key management personnel below).

Key management personnel disclosures

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Non-Executive Directors	Executive Directors
Mr J. Conde AO (Chairman)	Mr D. P. Maxwell
Mr J. W. Schneider	Mr H. M. Gordon
Ms A. Williams	

Executives at year end

Mr J. de Ross (Chief Financial Officer and Company Secretary)
Ms A. Evans (Company Secretary and Legal Counsel)
Mr I. MacDougall (Operations Manager)
Mr A. Thomas (Exploration Manager)
Mr E. Glavas (Commercial and Business Development Manager)

The key management personnels' remuneration included in General Administration (see Note 4) are as follows:-

	Consolidated	
	2016	2015
	\$	\$
Short-term benefits	3,550,762	3,983,833
Post-employment benefits	163,750	160,281
Performance Rights and Share Appreciation Rights	1,361,363	1,129,020
Total	5,075,875	5,273,134

Notes to the Financial Statement

For the year ended 30 June 2016

27. Related parties *continued*

Subsidiaries

The Group financial statements include the financial statements of Cooper Energy Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity interest	
		2016 %	2015 %
Cooper Energy Indonesia Limited	British Virgin Islands	-	100
Cooper Energy Sukananti Limited	British Virgin Islands	100	100
Cooper Energy Sumbagsel Limited	British Virgin Islands	-	100
Cooper Energy Merangin III Limited	British Virgin Islands	-	100
CE Tunisia Bargou Ltd	British Virgin Islands	100	100
CE Hammamet Ltd	British Virgin Islands	100	100
CE Nabeul Ltd	British Virgin Islands	100	100
Cooper Energy (Seruway) Pty Ltd	Australia	100	100
CE Poland Pty Ltd	Australia	100	100
Somerton Energy Limited	Australia	100	100
Essential Petroleum Exploration Pty Ltd	Australia	100	100
Cooper Energy (PBGPP) Pty Ltd	Australia	100	100
CE Poland Coopertief UA	Netherlands	-	99
CE Polska sp z.o.o.	Poland	-	100

Joint arrangements

During the reporting period, the Group provided geological and technical services to joint arrangements it manages at a cost of \$1,746,000 (2015: \$2,822,000). At the end of the financial period, \$77,800 was outstanding for these services (2015: \$391,000).

An impairment assessment is undertaken each financial year of related party receivables with reference to the lifetime expected credit loss model. Where there is evidence that a related party receivable is impaired the Group recognises an allowance for the impairment loss.

Notes to the Financial Statement

For the year ended 30 June 2016

28. Share based payment plans

On 12 November 2015 shareholders of Cooper Energy approved a new Equity Incentive Plan (EIP).

During the financial year, issues were made in December 2015. The performance rights and share appreciation rights were issued for no consideration. The right extends to the holder of the right to be vested with shares in the parent entity.

Testing of the performance rights and share appreciation rights will occur once over the performance period and if required may be retested once 12 months after the original three year test date. At the end of the three year measurement period, those rights that were tested and achieved will vest.

The vesting test is determined from the absolute total shareholder return of Cooper Energy's share price ranked against a weighted basket of absolute total shareholder returns of 12 peer companies listed on the Australian Stock Exchange. If Cooper Energy is ranked lower than the 50th percentile no rights will vest. If Cooper Energy is ranked in the 50th percentile 30% of the eligible rights will vest. If Cooper Energy is ranked greater than the 50th percentile but less than the 90th percentile the amount of eligible rights vested will be based on a prorata calculation. If Cooper Energy is ranked in the 90th percentile or higher 100% of the eligible rights will vest.

Rights that do not qualify for vesting in the third year can be carried forward to the following year for retesting of vesting eligibility. There are no participating rights or entitlements inherent in the rights and holders will not be entitled to participate in new issues of capital offered to shareholders during the period of the rights. All rights are settled by physical delivery of shares.

Information with respect to the number of performance rights and share appreciation rights granted to employees is as follows:-

Date Granted	Number of share appreciation rights (SARs) granted	Number of performance rights granted	Average share price at commencement date of grant	Average contractual life of rights at grant date in years	Remaining life of rights in years
15 December 2015	22,278,100	7,892,812	\$0.175	3	3

The number of performance rights and share appreciation rights held by employees is as follows:-

	Number of Share appreciation rights 2016	Number of performance rights 2016
Balance at beginning of year	-	-
- granted	22,278,100	7,892,812
- vested	-	-
- expired and not exercised	-	-
- forfeited following employee resignation	-	-
Balance at end of year	22,278,100	7,892,812
Achieved at end of year	-	-

The fair value of services received in return for the performance rights granted are measured by reference to the fair value of performance rights granted. The estimate of the fair value of the services received is measured based on the Black-Scholes methodology to produce a Monte-Carlo simulation model that allows for the incorporation of market based performance hurdles that must be met before the shares vest to the holder.

Notes to the Financial Statement

For the year ended 30 June 2016

28. Share based payment plans *continued*

Share Appreciation Rights Fair value assumptions	15 December 2015
Fair value at measurement date	6.2 cents
Share price	17.5 cents
Risk free interest rate	1.95%
Expected volatility	50%
Dividend yield	0%

Performance Rights Fair value assumptions	15 December 2015
Fair value at measurement date	13.1 cents
Share price	16.5 cents
Risk free interest rate	2.13%
Expected volatility	53%
Dividend yield	0%

2011 Employee Performance Rights Plan

On 16 December 2011 shareholders of Cooper Energy approved the establishment of an Employee Performance Rights Plan (2011 Plan) whereby the Board can, subject to certain conditions, issue performance rights to employees to acquire shares in the parent entity.

No issues of performance rights under the 2011 plan were made during the financial year.

Testing of the performance rights will be in three equal tranches over the term of the right to be determined in the fourth calendar quartile of each year. At the end of the three year measurement period, those rights that were tested and achieved will vest.

The vesting test is two parts. Up to 25% of the eligible rights to be tested are determined from the absolute total shareholder return of Cooper Energy's share price against its own share price at the date of the grant of the right. If the return is less than 5% no rights will vest. If the return is between 5% and 25% the rights that will vest will be between 6.25% and 12.5% of the eligible rights. If the return is greater than 25% up to 25% of the eligible rights will vest.

The second part is for the remaining 75% of the eligible rights to vest and is determined from the absolute total shareholder return of Cooper Energy's share price ranked against a weighted basket of absolute total shareholder returns of peer companies listed on the Australian Stock Exchange. If Cooper Energy's ranking is lower than 6 out of 9 of peer companies no rights will vest. If the ranking is 5th 50% of rights the eligible rights will vest. If Cooper Energy is ranked 3rd or 4th, prorated 50% to 100% of the eligible rights will vest and if it ranks 1st or 2nd, 100% of the eligible rights will vest.

Rights that do not qualify for vesting in any one year can be carried forward to the following year for testing of vesting eligibility. There are no participating rights or entitlements inherent in the rights and holders will not be entitled to participate in new issues of capital offered to shareholders during the period of the rights. All rights are settled by physical delivery of shares.

Information with respect to the number of performance rights granted to employees is as follows:-

Date Granted	Number of rights granted	Average share price at commencement date of grant	Average contractual life of rights at grant date in years	Remaining life of rights in years
6 November 2013	6,581,999	\$0.405	3	1
28 April 2014	312,033	\$0.510	3	1
1 December 2014	6,584,708	\$0.285	3	2

Notes to the Financial Statement

For the year ended 30 June 2016

28. Share based payment plans *continued*

The number of performance rights held by employees is as follows:-

	Number of rights 2016	Number of rights 2015
Balance at beginning of year	17,276,975	14,748,003
- granted	-	6,584,708
- vested	(2,234,300)	(2,669,814)
- expired and not exercised	(2,920,525)	(223,478)
- forfeited following employee resignation	(955,080)	(1,162,444)
Balance at end of year	11,167,070	17,276,975
Achieved at end of year	3,017,074	1,746,390

The weighted average price of shares vested during the financial year was \$0.20 per share.

The fair value of services received in return for the performance rights granted are measured by reference to the fair value of performance rights granted. The estimate of the fair value of the services received is measured based on the Black-Scholes methodology to produce a Monte-Carlo simulation model that allows for the incorporation of market based performance hurdles that must be met before the shares vest to the holder.

Fair value assumptions **6 November 2013**

Fair value at measurement date	31.2 cents
Share price	40.5 cents
Risk free interest rate	2.82%
Expected volatility	48%
Dividend yield	0%

Fair value assumptions **28 April 2014**

Fair value at measurement date	36.0 cents
Share price	51.0 cents
Risk free interest rate	2.72%
Expected volatility	49%
Dividend yield	0%

Fair value assumptions **1 December 2014**

Fair value at measurement date	19.4 cents
Share price	28.5 cents
Risk free interest rate	2.35%
Expected volatility	51%
Dividend yield	0%

Notes to the Financial Statement

For the year ended 30 June 2016

29. Auditors remuneration

	Consolidated	
	2016	2015
	\$	\$
The auditor of Cooper Energy Limited is Ernst & Young		
Amounts received or due and receivable by Ernst & Young Australia for:-		
Auditing and review of financial reports of the entity and the consolidated group	172,914	183,120
Other services	18,540	-
	191,454	183,120
Amounts received or due and receivable by related practices of Ernst & Young Australia for:-		
Auditing and review of financial reports of an entity in the consolidated group	-	-
	191,454	183,120

30. Parent entity information

	Parent Entity	
	2016	2015
	\$'000	\$'000
Information relating to Cooper Energy Limited		
Current Assets	52,613	45,939
Total Assets	202,061	173,462
Current Liabilities	9,633	8,179
Total Liabilities	80,400	61,323
Issued capital	137,558	115,460
Accumulated loss	(21,878)	(9,119)
Option premium reserve	25	25
Cash flow hedge reserve	(700)	-
Equity instruments reserve	(553)	-
Share based payment reserve	7,209	5,773
Total shareholders' equity	121,661	112,139
Loss of the parent entity	(12,759)	(54,287)
Total comprehensive income/(loss) of the parent entity	(1,253)	(3,260)
Commitments and Contingencies		
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:-		
Within one year	322	357
After one year but not more than five years	245	582
After more than five years	-	-
Total minimum lease payments	567	939

31. Events after the reporting period

There are no significant events subsequent to 30 June 2016 at the date of this report.

Directors' Declaration

In accordance with a resolution of the Directors of Cooper Energy Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2b;
- (c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors.



Mr John C. Conde AO
Chairman



Mr David P. Maxwell
Director

15 August 2016

Independent auditor's report to the members of Cooper Energy Limited

Report on the financial report

We have audited the accompanying financial report of Cooper Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2b, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a) the financial report of Cooper Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in note 2b.

Report on the remuneration report

We have audited the Remuneration Report included in pages 37 to 51 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cooper Energy Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



L A Carr

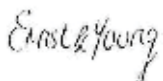
L A Carr
Partner
Adelaide
15 August 2016

Auditor's independence declaration to the Directors of Cooper Energy Limited

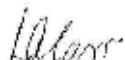
As lead auditor for the review of Cooper Energy Limited for the year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cooper Energy Limited and the entities it controlled during the financial period.



Ernst & Young



L A Carr
Partner
Adelaide
15 August 2016

Securities Exchange and Shareholder Information

as at 31 August 2016

Listing

The company's shares are quoted on the Australian Securities Exchange under the code of "COE".

Number of Shareholders

There were 4,846 shareholders. All issued shares carry voting rights. On a show of hands every member at a meeting of shareholders shall have one vote and upon a poll each share shall have one vote.

Distribution of Shareholding (at 31 August 2016)

Size of Shareholding	Number of holders	Number of Shares	% of issued capital
1 - 1,000	1,020	275,075	0.06
1,001 - 5,000	1,240	3,618,310	0.83
5,001 - 10,000	735	6,101,247	1.40
10,001 - 100,000	1,611	55,593,839	12.77
100,001 - 9,999,999,999	240	369,597,658	84.93
Total	4,846	435,186,129	100.00

Unquoted Options on Issue

Nil

Unquoted Rights

Number of Holders of Performance Rights	Total Rights
26	19,059,882 Performance Rights
11	22,278,100 Share Appreciation Rights

Unmarketable Parcels

There were 1,268 members, representing 603,708 shares, holding less than a marketable parcel of 1,640 shares in the company.

Twenty Largest Shareholders

Rank	Name	Units	% of Issued Capital
1.	J P Morgan Nominees Australia Limited	88,791,150	20.40
2.	Beach Energy Limited	60,590,884	13.92
3.	Citicorp Nominees Pty Limited	36,737,325	8.44
4.	HSBC Custody Nominees (Australia) Limited	32,641,939	7.50
5.	National Nominees Limited	23,053,429	5.30
6.	Zero Nominees Pty Ltd	22,551,753	5.18
7.	Citicorp Nominees Pty Limited <Colonial First State INV A/C>	9,043,912	2.08
8.	BNP Paribas Noms Pty Ltd <Agency Lending DRP A/C>	7,069,253	1.62
9.	BNP Paribas Noms Pty Ltd <DRP>	3,220,101	0.74
10.	Kavel Pty Ltd <Kleemann Family A/C>	3,079,100	0.71
11.	HSBC Custody Nominees (Australia) Limited - A/C 2	3,004,632	0.69
12.	HSBC Custody Nominees (Australia) Limited - GSCO ECA	2,500,000	0.57
13.	Nero Resource Fund Pty Ltd <Nero Resource Fund A/C>	2,348,400	0.54
14.	Invia Custodian Pty Ltd <David Peter Maxwell A/C>	2,250,687	0.52
15.	Rocket Science Pty Ltd <The Trojan Capital Fund A/C>	1,827,274	0.42
16.	Mr Timothy Bryce Kleemann	1,725,284	0.40
17.	Bresrim Nominees Pty Ltd <D A Hannes Super Fund #2 A/C>	1,610,970	0.37
18.	Vanez Holdings Pty Ltd <Spyglass Nominees Pty Ltd>	1,350,000	0.31
19.	Celtic Trust Company Ltd <Three Sisters Global EN A/C>	1,329,281	0.31
20.	Town Inns (Holdings) Pty Ltd	1,322,728	0.30
Totals: Top 20 holders of Ordinary Fully Paid Shares (Total)		306,048,102	70.32

Substantial Shareholder

The following were substantial holders in the company, as disclosed in substantial holding notices given to the Company as required by section 671B of the Corporations Act.

Name of entity	Number of securities in which substantial shareholder has a relevant interest as at date of last notice	Voting power as at date of last notice
Beach Energy Limited	60,590,884	14.52%
Kinetic Investment Partners Limited	20,924,029	7.15%
CBA	26,397,795	6.32%
Westoz Funds Management	16,738,808	5.02%

Shareholder Information

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000

Website: investorcentre.com/au

Telephone:

Australia 1300 655 248

International +61 3 9415 4887

Facsimile: +61 3 9473 2500

Enquiries and share registry address

Shareholders with enquiries about their shareholdings should contact the company's share registry, Computershare Investor Services Pty Ltd, via the telephone contact above.

Online shareholder information

Shareholders can obtain information about their holdings or view their account instructions online, as well as download forms to update their holder details. For identification and security purposes, you will need to know your Holder Identification Number (HIN/SRN), Surname/Company Name and Post/Country Code to access. This service is accessible via the Computershare website.

Change of address

Shareholders who have changed their address should advise Computershare in writing. Written notification can be mailed or faxed to Computershare at the address given above and must include both old and new addresses and the security holder reference number (SRN) of the holding.

Change of address forms are available for download from the Computershare website. Alternatively, holders can amend their details on-line via the Computershare website. Shareholders who have broker sponsored holdings should contact their broker to update these details.

Annual Report mailing list

Shareholders who wish to vary their annual report mailing arrangements should advise Computershare in writing. Electronic versions of the report are available to all via the company's website. Annual Reports will be mailed to all shareholders who have elected to be placed on the mailing list for this document. Report election forms can be downloaded from the Computershare website.

Forms for download

All forms relating to amendment of holding details and holder instructions to the company are available for download from the Computershare.

Investor information

Information about the company is available from a number of sources:

- Website: www.cooperenergy.com.au
- E-news: Shareholders can nominate to receive company information electronically. This service is hosted by Computershare and can be accessed via Computershare's website
- Publications: the annual report is the major printed source of company information. Other publications include the half-yearly report, company press releases, investor packs, presentations and Open Briefings. All publications can be obtained either through the company's website or by contacting the company
- Telephone or email enquiry:
to Don Murchland, Investor Relations
+61 439 300 932;
donm@cooperenergy.com.au

Corporate Directory

Directors

John C Conde AO, Chairman
 David P Maxwell
 Hector M Gordon
 Jeffrey W Schneider
 Alice J M Williams

Company Secretaries

Alison M Evans
 Jason de Ross

Registered Office and Business Address

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 Adelaide, South Australia 5000

Telephone: + 618 8100 4900

Facsimile: + 618 8100 4997

E-mail: customerservice@cooperenergy.com.au

Website: www.cooperenergy.com.au

Auditors

Ernst & Young
 121 King William Street
 Adelaide, South Australia, 5000

Solicitors

Johnson Winter & Slattery
 Level 9, 211 Victoria Square
 Adelaide SA 5000

Bankers

Westpac Banking Corporation
 Level 18, 91 King William Street
 Adelaide, South Australia, 5000

National Australia Bank Limited
 Level 2, 22 King William Street
 Adelaide, South Australia, 5000

Commonwealth Bank of Australia
 Level 8, 100 King William Street
 Adelaide, South Australia, 5000

Citibank N.A.
 2 Park Street
 Sydney, New South Wales 2000

Share Registry

Computershare Investor Services Pty Limited
 Level 5, 115 Grenfell Street
 Adelaide SA 5000

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1,399kg CO₂ saved on this project

